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IRANIAN OFFICIAL TALKS TO PEOPLE'S NATIONAL ASSEMBLY

Algerian, Iranian MP's Meet

Algiers EL MOUDJAHID in French 19 Nov 80 p 1

[Article by Algerian Press Service]

[Text] Algiers--Talks between Rabah Bitat, president of the People's National Assembly, and Hojjatoleslam Hashemi Rafsanjani, president of the Iranian Parliament, began yesterday morning at the seat of the People's National Assembly, in the presence of the Algerian and Iranian delegations.

These talks unfolded in a climate marked by sincerity and cordiality, and began with a presentation by Rabah Bitat in which he welcomed his Iranian counterpart and the delegation which accompanied him.

The president of the People's National Assembly gave a quick summary to the Iranian delegation of the different stages of the Algerian revolution from the colonial era up to the revolution of 1 November 1954 and the struggle of the Algerian people which led to independence, as well as the different phases of economic, cultural, and social independence that Algeria has undergone.

Rabah Bitat also sketched a picture of Algeria's internal and external policy, explaining the Algerian position on all areas (Arab world, Islamic world, nonalignment).

The president of the People's National Assembly emphasized Algeria's fundamental principles in relation to liberation movements, just struggles throughout the world, Algeria's policy of noninterference in the affairs of other countries, the good neighbor policy, as well as the settlement of conflicts by dialogue and peaceful negotiations.

Rabah Bitat also informed the Iranian delegation of the profound changes that have come about since independence, especially by means of the various nationalizations (banks, insurance, mines, and oil), making education and medical care available to all at no cost, and through the government's participation in industrialization and agriculture, which has seen a complete turnaround as a result of the distribution of land to the peasants.

In his reply, Hojjatoleslam Hushemi Rafsanjani indicated that his first trip to Algeria, his first trip abroad, is proof of the importance Iranians accord to Algeria.

He added that "the aim of this visit was to inform the Algerian authorities about what is happening in Iran since the overthrow of the Shah and the advent of the Islamic revolution."

The president of the Iranian Parliament told his Algerian counterpart of the misdeeds the Shah perpetrated against the Iranian people, and of the Shah's positions with respect to global events, imperialist positions dictated by the United States.

Hojjatoleslam Rafsanjani also stressed the "police" role of the Shah's regime in the region, its western ties and accords, its economic support to Zionism and apartheid and its actions against liberation movements in general.

The president of the Iranian Parliament also mentioned that the actions of the Shah against the Arab nation and his contempt for Islamic and Arabic values in Iran.

Concerning the changes that have come following the Islamic revolution in Iran, Hojjatoleslam Rafsanjani mentioned the establishment of universal education in Iran, the nationalization of the banks, water, electricity, the sanitation sector, the raising of the standard of living of the masses, the purge of the army, as well as the completion of the political and administrative institutions of the Islamic Government (constitution, presidency, and parliament).

The president of the Iranian Parliament also underlined the position of his country with respect to the Palestinian cause and just causes throughout the world, notably in recognition of the POLISARIO Front and support to liberation movements in the region.

Describing the conflict which pits his country against Iraq, Hojjatoleslam Rafsanjani underlined that there was no evidence Iran had violated the Treaty of Algiers, recalling particularly a clause of the agreement signed in 1975 by the two parties which permits the two belligerents to resort to "arbitration" in case of dispute.

Rafsanjani's Press Conference

Algiers EL MOUDJAHID in French 20 Nov 80 p 4

[Article by R.I.]

[Text] "It is not we who have denounced the Algiers accords of 1975, and our position about the conflict with Iraq remains unchanged: no negotiations, no cease-fire, before the total withdrawal of Baghdad's troops from our territory..." ..."If the United States implements tonight the four conditions we have laid down, the detainees will be free starting tonight. The key to the problem of the hostages is in the hands of the Americans." Two themes thus dominated the press conference of Hojjatoleslam Hashemi Rafsanjani, president of the Iranian Majles: the conflict with Iraq on the one hand, and the American hostages question on the other.

Before some 50 journalists from the national and international press, the president of the Iranian Parliament described the object of his visit to Algeria at the invitation of Mr Rabah Bitat, president of the People's National Assembly.

With regard to the question of the ...erican hostages, Mr Rafsanjani stated that the "Americans have accepted the four conditions in principle." "And they are ready to satisfy some of them right away, including these two: first with regard to the public statement by Washington on noninterference in Iranian affairs at the political and military levels. The second concerns the lifting of the freeze put on Iranian assets by the United States in November 1979. As to the other conditions relative to the restitution of the wealth of the Iranian people stolen by the ex-Shah, as well as the lifting of the legal actions launched by American companies against the state of Iran, the United States has stated that it would require time to "verify whether the Shah's assets are personal or nonpersonal and examine the juridical and financial aspects of these conditions."

On that, the Iranian position, stated Mr Rafsanjani, "since they speak of gradual implementation, we on our part are ready to liberate the hostages gradually."

Discussing the modalities of the freeing of the detainees, Mr Rafsanjani stated that this did not constitute a major problem once the conditions were met and implemented, adding: "As far as we are concerned, there is no deadline. Everything depends on the American Government which must prove its sincerity and cooperation.

The president of the Majles also said that a commission chaired by the Iranian minister for coordination of foreign affairs is presently examining the American response. This commission, he said, is composed of the Algerian ambassador to Tehran, Abdelkrim Ghraieb, as well as the Algerian ambassador to Washington and the Algerian director of the central bank.

Responding to questions relative to the border conflict between Iran and Iraq, the president of the Iranian Parliament described its genesis by reaffirming that "his country did not denounce the Algiers accord and that was the doing of Iraq."

Responding to a question concerning whatever aid or support from other countries may be reaching Iran, Mr Rafsanjani said "that we do not need any support, from any country, or any government. We did not want war, and we do not want it."

Concerning eventual negotiations with Iraq, the president of the Iranian Parliament reiterated the position of his country by saying that this was out of the question so long as "Iraqi troops are still on Iranian territory."

9516
CSO: 4400

TUNISIAN-LIBYAN BORDER INCIDENT

Tunis LA PRESSE DE TUNISIE in French 18 Nov 80 pp 1, 4

[Mahmoud Mestiri Press Conference: "Tunisian-Libyan Border Incident--Establishment of Important Libyan Base at the Border--Libyan Patrol Incursion in Tunisian Territory"]

> [Text] Mr Mahmoud Mestiri, secretary general of the Ministry of Foreign Affairs, held a press conference yesterday afternoon at 1500 at the ministry offices which was attended by representatives of the national and international press.
>
> In a preliminary statement, Mr Mestiri said:
>
> "On 16 November 1980 at around 1200 a National Army patrol surprised three Libyans in a police car equipped with radio set in the Ain Al-Fard region near Sidi Toui inside Tunisian territory.
>
> Called upon to give themselves up, the Libyan patrol turned round to go back and got back to Libyan territory under fire from the Tunisian patrol.

That incident was not the first of its kind during the last few months. In fact another incident took place last 27 July when, at about 2200, a Libyan patrol of three servicemen was stopped inside our borders at the place known as Jedelouine (in the north of Sidi Toui). That patrol belonged to the 118th armored reconnaissance unit established in Sebrata and a company of which is set up at Al-Assa about 12 Km from our borders. We were dealing with Senior Corporal Mosbah Saad Mosbah, Private First Class Lamaari Lajili and Private First Class Mohamed Abdelhadi.

On 1 September 1980, on the occasion of the Libyan national holiday and in their concern to create a better climate of neighborly relations, the Tunisian authorities handed over those three servicemen to the Libyan authorities. They did this in spite of the fact that the Libyan authorities keep drafting young Tunisian workers in Libya by force into Libyan army training camps.

Furthermore, one must add that in spite of how extensive the territory of the Jamahiriya is, Libya has chosen El-Wattia, only 18 Km away from our borders, to make a gigantic air base out of it, naming it the 11 June base. This base accomodates more than 40 fighter bombers and around 20 attack helicopters equipped with sophisticated missiles.

Other offensive-type equipment is set up right next to our border: among other things a sizable number of tanks, troop transport vehicles and heavy artillery. I emphasize that this equipment is all designed for offense.

Finally, one must also point out that the Libyans station naval landing craft not far from our coasts.

You will understand if there is something to be anxious about with this kind of situation in front of you. It is precisely the concerns and anxieties of the Tunisian government in this regard that I wanted to let you know about. Without becoming actually alarmed, we are concerned in the face of an increase in the number of such incidents which we cannot tolerate.

We would like to voice the hope that the Libyan authorities will take the necessary measures to avoid a repetition of these incursions."

After that statement, Mr Mestiri responded to journalists' questions:

[Question] What follow-up does Tunisia foresee on the diplomatic level to the incident of 16 November?

[Answer] For the moment, there will be no direct follow-up. However we must show evidence of more vigilance. We would not like these incursions to be repeated any more. Up to now we have been watchful and we have managed to intercept all the Libyan incursions into Tunisian territory.

What we want now is to make the Libyan Government aware of the danger this kind of situation represents.

At this stage we are acting on the diplomatic level to draw the attention of the Libyan government officials to the potential danger of such actions, to notify them that they are intolerable and that we do not want to see such incursions repeated any more.

In this regard, this afternoon I will summon the Jamahiriya's charge d'affaires to inform him of our position.

[Question] What was the precise objective of the first patrol intercepted last 27 July?

[Answer] I do not have detailed elements at my disposal to allow me to answer this question. The fact remains that it was a matter of servicemen who deliberately entered Tunisian territory, deep enough inside where no doubt is possible.

One must point out that each time such incursions occur, the excuse put forward when needed is that the arrested Libyan servicemen got lost, all the more so because we are talking about an area that is complete desert. That is moreover what they alleged at the time of the incident of last 27 July.

[Question] Is Tunisia considering submitting this matter to the next Arab Summit?

[Answer] The next Arab Summit has among other objectives improving the situation in the Arab World. We are not the only ones wanting to settle problems with a view to establishing proper relations among all the Arab countries and particularly between neighbor countries.

The particular matter in question does not currently figure on the agenda of this Summit.

However, I am sure that we will take advantage of the presence of the parties from Libya and from other Arab countries to discuss this matter and try to bring relations back to what they should always be, that is good neighborly relations.

[Question] Can a connection be drawn between the tension existing on the Tunisian-Libyan border and the situation which prevails in Chad?

[Answer] We do not make this connection. But it comes up on its own. There is a time coincidence which everyone has picked up on. I do not believe that there is a correlation between Sunday's incursion and the Chad events. We are forced to observe that this incursion took place in spite of the fact that Libya is, it seems, involved in Chad.

[Question] Tunisia is evidently concerned about the situation which prevails in Chad. Could you be more precise on that subject?

[Answer] We have in fact referred this matter to the African group at the United Nations. President Bourguiba himself is very uneasy about the development of the situation in Chad where civil war is taking on alarming proportions and where interference is further aggravating this situation and making all the states in the region uneasy, considering the geographic and strategic position of the country. President Bourguiba has informed several African chiefs of state of his anxiety, most particularly President Senghor with whom he has exchanged correspondence to agree on the stand to take in this regard.

[Question] In the context of consultation with the Maghreb countries, has Tunisia informed Algeria of this situation?

[Answer] We are in contact with Algerian officials regarding all the matters which interest and concern both countries. There is no reason to exclude this specific point from our consultation.

[Question] What do you think about the reaction reported by the "JANA" agency and accusing Tunisia of interference after the latter referred the situation prevailing in Chad to the African group at the United Nations?

[Answer] I believe that to speak of Tunisian interference in the affairs of Chad and to be silent about that of Libya gives away the nature of the person who made that statement and who is known for his very close ties with the Libyan regime.

Tunisia has no intention of getting mixed up in the internal affairs of Chad. If we are speaking about them today it is in order to send out an appeal for stopping the civil war which unfortunately is coupled at this moment with a very serious foreign military intervention. That is what we want to talk about and not the affairs of Chad.

Tall Stories

Asked about the tall stories (and tall stories go around very quickly in Tunis) mentioning the infiltration into Tunisia of saboteurs and the discovery of arms caches, official circles have given a categorical denial on this subject... "No saboteurs, no arms caches either," they maintain. "Those are just tall stories."

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BRIEFS

LIBYAN MIRAGES IN SYRIA--As a result of the state of war existing between Iraq and Iran, Libya is reported to have deployed a number of Mirage fighters in Syria to strengthen the Syrian air-defense system, so as to prevent any Iraqi raids against the Syrian air bases. [Text] [Paris LE MONITEUR DE L'AERONAUTIQUE in French Nov 80 p 9] 11267

CSO: 4800

DEFECTIONS TO MOJAHEDIN WEAKEN KARMAL'S FORCES

Frankfurt/Main FRANKFURTER ALLGEMEINE 21 Nov 80 p 12

[Article by Thomas Ross: "Defectors in the Name of Allah. Afghan Army Reduced to 15,000 Men"]

[Text] Peshawar, Nov--The Soviet-appointed Babrak Karmal government's Afghan army has practically ceased to exist. From a year ago, when nationalist communist dictator Amin, who was subsequently murdered, was still in power, the 80,000-men army was reduced to a mere 15,000 to 20,000 men primarily as a result of defections to the resistance fighters but also through losses and desertions. The young men who are being forcibly inducted into the army are unlikely to swell its ranks significantly because most desert at the first opportunity.

The remaining skeleton army possesses no fighting spirit, is unreliable or seeks tacit accommodation with the Mojahedin which makes coexistence possible. Soviet officers regard and treat Afghan soldiers with diffidence and disdain. They defect as soon as they hear us call "Allah is Great," says one Mojahed.

This assessment of the situation is the conclusion arrived at from discussions with representatives of and fighters from different resistance groups, knowledgeable Pakistanis and neutral observers. According to a Kabul report after Babrak Karmal's return from his 3-week visit to the USSR, the Central Committee of the Afghan Democratic People's Party (communist) decided last week to completely reorganize the army, the administration and the party by spring. Of course, the communists have repeatedly announced such a reorganization after they came to power in April 1978 but were never successful.

Well informed sources agree that the replenishment of the ranks of the army, party and administration depleted by defections, arrests and deaths is not a question of months but would take 2 or 3 years if it can ever succeed. But even if successful, the question remains whether the new cadres would serve the communist regime loyally and effectively.

Therefore, today and for the foreseeable future, it is the Soviet Army and Soviet party, police and administrative officials in Afghanistan who, armed or unarmed, confront the resistance. The Russians have apparently not reinforced their armed forces since the beginning of the year but have replaced units and also partly heavy arms which could not be used in the mountains with lighter equipment. They

have also changed tactics but their principal weapon is still the heavy armor-plated MI-24 helicopter gunship.

This helicopter is also the Mojahedin's biggest threat. In the meantime reports about the commitment of special units trained in antiguerilla warfare have not been confirmed.

Since the beginning of the year the military situation has remained essentially unchanged. The Russians and Karmal's police, soldiers and communist militia are in control of Kabul and partly of principal communications, while the Mojahedin are in control of the countryside, with the other cities living in constant uncertainty. With the exception of Kabul at night the resistance is master of the entire country.

The first year of Soviet occupation seems to have ended in a military stalemate. Fighting continues everywhere, primarily in the eastern provinces of Paktia, Nangarhar, Ghazin and Kunar bordering on Pakistan and in the northern provinces of Kunduz, Baghlan, Takbar, Badakhshan, Parwan and Samangar directly or indirectly bordering on the USSR.

The war in Afghanistan is pure guerilla warfare, the Mojahedin fighting in small groups of mostly 20 to 50 men, frequently fewer and seldom more than 100 men. They hide in the mountains, which are for the most part bleak and barren but which abound in caves, crevices, rocks and loose gravel, which is brown and blends well with the guerillas' attire. They come down from the mountains to lay ambushes and attack military convoys. They surround smaller communist garrisons and either succeed in persuading the government troops to defect or kill them.

Two Shots Against a Thousand

When the Russians attack they advance into a valley in tanks, accompanied by helicopters, after bombarding and firing on villages and centers of resistance. They only seldom leave the protection provided by the tanks and helicopters. Guerilla leaders speak of Soviet soldiers with disdain: "They are cowards," says one. "They are very weak in close combat and they avoid it, says another, a former colonel in the regular army under Amin's murdered predecessor Taraki.

"Where we need to fire two shots the Russians fire a thousand," say the Mojahedin. "One Afghan rates five Russians. What we need are weapons which would protect us from helicopters, further tanks and ammunition" asserts a deputy commander of a guerilla group, whose one-to-five ratio is among the low estimates.

And, in fact, the Mojahedin have so little ammunition that they are forced to make every shot count. The Russians have no such worries. Several offensives launched by the Russians failed to secure them permanent control of the Panshir Valley (north of Kabul) and the Kunar Valley with its many branches, in spite of great material superiority and the bombardment of many villages. Both valleys are strategically important. Of course, the guerillas, whose tactic is to withdraw into inaccessible mountains in the face of overwhelming superiority of their enemy, have suffered considerable losses. But as soon as the Russians withdrew they gained control again.

Currently the Kunar Valley is largely in the hands of the resistance fighters, only Asmar and Chiga Serai are garrisoned by Afghan soldiers. But the villages are demolished, the fields devastated, grain supplies destroyed and the cattle killed. Only part of the fields is again being tilled, reports vary as to the proportion.

The Russians and the Karmal government are no longer in control in Jalalabad, Kandahar and Herat. While Kandahar and Herat have been living in a varying degree of anarchy for more than 6 months now, all reports agree that the situation of the government in Jalalabad has deteriorated markedly, especially in the last few months. By day, the government controls parts of Jalalabad; at night it has even been necessary to reduce the armed patrols. At night families of government officials are confined to armed and guarded quarters.

Communist officials are being killed in their houses, occasionally one is killed openly in the street, some have been abducted and others have been forced to flee from their burning homes. Until recently Russians patrolled the outskirts of Jalalabad. At the start of this month a Soviet tank fell into a trap and the crew was killed and there were also other raids. Since then, according to Mojahedin reports, Russians patrol at night only within a 4-kilometer radius. In Jalalabad and other cities many inhabitants, who during the day are engaged in commercial or administrative pursuits, become guerillas at night. This explains what the Russians reportedly say about the Afghans, namely that: "Our friends during the day become enemies at night."

In their attacks on villages Soviet aircraft have used napalm bombs, ostensibly to destroy the harvest and supplies too. Eye-witnesses among Afghan refugees are unanimous in confirming these claims. In contrast, the never confirmed reports about the use of poison gas have stopped.

Soviet aircraft continue to bombard Afghan territory along its border with Pakistan with small antipersonnel bombs estimated to run into hundreds of thousands to more than a million. They are minimines the size of a pocket comb with small glide wings or looking like pencils. Initially many unsuspecting children, women and men were injured by contact and cattle were killed. But the border region tribes have learned very quickly how to handle them either by disarming the small mines by hand or by exploding them from a distance with stones or long sticks. Before the onset of darkness paths and border crossings are cleared to keep them open for night time traffic.

Minimines Against Children

It is hitherto unclear why the Russians are building up the infrastructure: a new building across the Oxus River, which constitutes the border, an oil pipeline from the border to Kabul, about half complete, widening the strongly abused highway leading from the border to Kabul, enlarging the Jalalabad Airport and according to reports building a new highway in Badakhshan near Wachan extending like a finger between China and Pakistan.

A Soviet base in Eshkashem practically detaches Wachan from Afghanistan. Reports about outright annexation by the Soviet Union are unfounded because it would change nothing as far as effective control is concerned and beyond that humiliate

the Babrak Karmal regime. In addition, the Russians are erecting permanent winter quarters for their troops.

Are the Soviets merely preparing for the winter and if necessary for a protracted guerilla war in Afghanistan lasting for several years or are they creating conditions for bringing into the country next year an additional 100,000 to 200,000 men? Military experts familiar with the terrain and the Afghan's long-standing guerilla tradition estimate that the Russians would need that many troops to gain control over the entire country. The answer, which is mere speculation, depends essentially on whether the Soviet leadership has in the meantime made up its mind about the nature of the Afghans' resistance, which they have underestimated grossly.

8664
CSO: 4403

USSR DEVELOPING COUNTRY'S OIL, GAS RESOURCES

Kabul ANIS in Dari 14 Oct 80 p 6

[Text] On the occasion of the visit to the Soviet Union by Babrak Karmal, the head of the Central Committee of the People's Democratic Party of Afghanistan and President of the Democratic Republic of Afghanistan, BAKHTAR NEWS AGENCY was granted permission to prepare reports and conduct interviews with various individuals about the historical ties between the two nations and the brotherly relations that had existed between the two countries for so many years.

It is worth noting that the visit to the Soviet Union by Babrak Karmal is going to play an effective role in the strengthening of the already existing cordial relations between the two countries, bringing them to a new height. It will also help strengthen the principles of coexistance and mutual respect between the two countries, proving to the progressive and revolutionary people throughout the world the importance of our revolutionary role.

With those in mind, BAKHTAR NEWS AGENCY reporter has interviewed engineer Abdolfattah Samadi, technical director of the National Oil Company, which is reported hereby for the benefit of our readers.

"Sincere and friendly cooperation and the assistance given by our Soviet friends in the northern oil fields of our country, and various problems concerning oil and gas in the north, had been subjects of studies made since 1958. Under the 1958 agreement signed between the Soviet Union and Afghanistan, Soviet experts assisted by Afghan engineers, have carried out geological explorations, regional geological studies, as well as geophysical research, as part of their joint short-term research program.

"As a result of these explorations, first oil reserves were discovered in the Agnut region with the first gas fields being discovered in Yatim Ta'q in 1959 and 1960. Afghan and Soviet technical experts have, of course, conducted regional geological surveys on a large scale, along with geophysical research which included large scale topographical surveys, magnetic, gravitational and regional seismic surveys as well as all sorts of geomorphological and hydrogeological research along with drillings for oil already carried out.

"The extent of geological research and explorations carried out in 1958 through 1960 is as follows:

"Regional geological survey of various scales in areas covering 53,230 square kilometers. Geophysical surveys along with magnetic and gravitational research in areas covering 82,000 square kilometers. Fractural and refractional seismic studies and surveys in 8454 square kilometers. Also profile and hydrogeological survey in areas covering 42,000 square kilometers plus exploratory drillings totalling 461,374 meters.

"As a result of the above-mentioned work a total of 354 anticline structures were discovered in north and northwestern parts of Afghanistan in 99 of which drillings were carried out.

"Since the start of the exploration and the survey 14 oil and gas fields, each containing huge reserves of oil and gas have been found in the northern regions of the country."

Engineer Samadi further added that with the help of the experts from the brotherly nation of the Soviet Union, exploratory work to determine the extent of the oil and gas reserves in the area was continuing and it was hoped that the exploitation of the fields would not have to wait long.

Up to now the country's oil fields had not been exploited commercially. With the completion of the refinery, envisaged in the Five-Year Plan of the Democratic Republic of Afghanistan, the country will be refining some 500,000 tons of oil annually, almost 50 percent of its annual requirement.

As to the natural gas, which had been exploited since 1960, it was solely from the Khaj-e Gugerdak fields. But the exploitation of the Jarqaduq gas fields was added to it after our successful revolution, bringing our total annual gas production to 2.5 billion cubic meters of which some 2.3 billion cubic meters is exported to the Soviet Union and the rest is used for domestic production of electricity and chemical fertilizer.

Engineer Samadi also noted that in addition to separation of gas from the hydrogensulphide and carbondioxide, plants for the purification of gas with an annual capacity of 2 billion cubic meters had been set up the construction of which had been completed after the great revolution and were already in operation.

To provide the gas needed for the fertilizer plant and the electric power plant in Mazar-e Sharif, a gas pipeline had been laid. Another gas pipeline to carry the gas needed for the cotton mill in that city is being constructed and is expected to go into operation shortly.

Some 500 Afghan personnel, who are being trained in the Soviet Union, are expected to work in the desulphurization plant of the Jarqaduq gas fields, the construction of which was finished recently.

In conclusion, he [Eng Samadi] expressed his appreciation for the sincere assistance offered by the Soviet Union in exploration and exploitation of the country's oil and gas fields in the north and the northwestern parts of the nation, hoping for the further strengthening and expansion of the friendly ties that already exist between the two countries.

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CHADLI'S STATE OF NATION SPEECH

Algiers EL MOUDJAHID in French 1 Nov 80 supplement pp 1-4

[Speech delivered by President Chadli Bendjedid, president of the Republic of Algeria and secretary general of the National Liberation Front Party (FLN) on Thursday, October 30, before the People's National Assembly]

[Text] In the name of God the Merciful, the Compassionate.

Dear brothers, dear sister members of the People's National Assembly.

By the will of God Algeria has once again weathered a terrible disaster which has left behind it thousands of victims and homeless.

The Algerian people, rising up like one man, have hurried to the zones devastated by the earthquake to show their support. It was a striking image of national solidarity and a praiseworthy example of international cooperation.

The distress of our stricken brothers is something we feel along with them, and we will continue to spare no effort to come to their aid in this dire ordeal. We salute the spirit of solidarity and national unity which the children of Algeria have shown.

We must render praise for the efforts deployed by the People's National Army, the Civilian Protection, the Criminal Investigation Department, the Darak and the medical corps as well as the many militants and citizens in all the other sectors of activity.

Likewise, we thank again all the brothers and friends who have helped Algeria in her misfortune and taken pa t, in effective ways, in the operations of salvage and rescue.

We observe, dear brothers and dear sisters, a minute of silence in memory of the victims.

Brothers and sisters, members of the People's National Assembly, in accordance with the constitution, here we are met together again to assess the state of the nation since our meeting last October.

If political integrity does not allow us to say that everything is as perfect as possible, it nevertheless requires us to state that much has been done in the last year, despite the coming together of many factors tending to push us toward marginal problems at the expense of the essential questions, as much in the political realm as in the social and economic realms.

We can say, today, with complete objectiveness, that many sectors of the national life have experienced intense activity, while others were characterized by a certain stagnation. It is for us to analyze the causes, objectively, in order to find appropriate solutions.

Assuredly, the most important event recorded in the nation's activity will have been the Special Party Congress that was held, in accordance with the decisions of the Fourth Congress, of which it was the prolongation.

The work of this special congress was focused on evaluation of the most recent stage of development and the specification of the directions of the next plan. It was also, for the militants, the opportunity to express, with complete candor and objectivity, their opinions in the various domains. It is thus the Political Directorate applied itself to the study of a certain number of questions already of a top-priority character, watching over the respect paid to the rules of democracy and the objectivity in the examiniation of the issues.

Thus, all the issues were submitted to the militant base and to the mass organizations, studied by the competent commissions, before being presented for the deliberations of the central committee. And this is our method in working on all questions of national interest. No issue will be examined apart from its framework.

However, a political decision by itself is not sufficient if it is not followed up in the field, with effective implementation. It is through this implementation of decisions that one can assess the capacity of the men charged with execution, judge the effectiveness of structures and their degree of adaptation to the decisions of the political directorate.

We often have a tendency to proceed with comparisons against the developed countries, especially with regard to the abundance and quality of consumer products. These comparisons, to be valid, should also integrate the time needed to attain this level, and the resources brought to bear, as well as the volume of productive effort it was necessary to invest.

Perhaps, sometimes, it is useful to look around us and examine the conditions that prevail in the countries living in the same context as ourselves, in this instance the developing countries. It is also necessary to compare the Algeria of 10 million inhabitants of the Sixties, to the Algeria of 20 million inhabitants of the Eighties.

I will tell you, in all honesty, that the higher standard of living to which the entire populace aspires will not be achieved tomorrow. We are many long years from that goal. Better yet, the number of years stands in direct relation to the efforts we will deploy to improve national production, bring under control the phenomenon of demographic growth, and rationalize the utilization of both human and material resources.

Dear brothers, dear sisters:

The organization of the sectors of production and an exact understanding of the content of the state monopoly, which is considered, wrongly, as being that of the national companies, have been among our major concerns in the last year.

We turned again to the restructuring of certain national enterprises whose size had burdened operations and complicated control.

We opted for economic decentralization by reducing the central structures and as much as possible by moving the social center of enterprises toward production sites.

In application of this organization, the central structures will be devoted to planning, orientation, and coordination and to orchestration of the activities of the production units spread out around the national territory.

Each of these finds itself, by virtue of this move, promoted to the rank of regional enterprise endowed with autonomy of management and offering the chance to the producers to benefit from improvement of the level of productivity of their unit.

Thus, the units will no longer have to assume costs unrelated to production. There will develop a spirit of competition among these units. The elected assemblies, in turn will be able to assume their mission of control and motivation. Bureaucratic constraints will be at least attenuated, if not eliminated.

It is in this perspective that we see factored in the measures taken with respect to financial control, and define the role given to the elected assemblies and particularly to the People's National Assembly. This latter, placed at the summit of the phramid of elective institutions, serves as an example to the other assemblies, and its role, from this point of view, assumes a vital importance.

It is also appropriate to mention the Court of Accounts which has begun to exert its authority. We are expecting much from it by way of financial housecleaning, in putting an end to bad administration, to negligence and irregularities which have not only a negative impact on production but are liable to harm the morale of the workers.

If the act of revealing and denouncing irregularities constitutes an act of moral courage, it is a still more noble courage which consists in forbearing from the hurling of wrongful accusations and accusations that ignore the fact that the great achievements so far made are the work of men, and fortunately they are many, who have placed their faith in the fatherland and the revolution.

While the revolution works ceaselessly to rid itself of the unfortunate consequences of accelerated development and poorly adapted controls, it does not lose from sight the fact that its greatest asset on the road of progress, is the cadre, the honesty cadre that works in the shadow of humility in the factory, in the office, in the workshop, in the agricultural field, or in the mines, the barracks, in the workyards of the national service.

Dear brothers, dear sisters:

Among the decisions taken last year are the temporary measures already taken in implementation. These are the preliminary provisions while awaiting implementation of the General Labor Statut.

It is in this context that there has been established the guaranteed national minimum wage, applicable to workers in the agricultural sector after a two-step raise.

I would also like to underline here that the wage is neither a gift nor a subsidy. It constitutes a payment appropriated on the national patrimony [sic]. Conversely, it calls for an effort to agree to the benefiting of the people. Any indemnity can only result from a complementary effort in productivity and qualitative improvement of products.

Beyond the agreed-uon effort in the field of wages, major appropriations are devoted to the satisfaction of basic needs of consumers, to the continuation of price supports on products of basic necessity, with a view to protecting the purchasing power of the citizens, particularly of those with modest means. This is a concern which I have had and always will remain with me.

Some simple facts may illustrate the effort to which the state has committed itself in this field. They are expressed financially by very eloquent figures. For example, the amount required for a citizen to obtain 5 kg of sugar corresponds to an amount which would buy only 3 kg on the international market. It is the state that pays for the difference.

The amount a citizen must pay to buy 2 liters of cooking oil is equivalent, in reality, to the price of only 1 liter on the world market. Again the difference is paid for by the state.

It is the same with flour, with semolina, which are sold to the citizen at half price, the other half being likewise sustained by the state.

In this field, it is possible to compare the price of consumer products in our country with those of many other developing countries, where the average per capita income is, by far, less than that of Algeria.

But we should always be aware that the act of inundating the market with imported consumer products does not by itself amount to satisfying all the needs of the citizen, quite independently, moreover, of the damage that could result to development activity and to the national underground reserves which are, by definition, nonrenewable.

Similarly, the raising of wages and salaries does not suffice to protect the purchasing power of the citizen, if national production in industry and agriculture remain below rational standards.

It is clear that the augmentation of national production, in all domains, cannot remain a mere slogan that one bandies about; it must be concretized in a real overall development effort to go with the effort to satisfy the needs of the citizen. The purchasing power of the currency is, in any country, directly

related to production capacity. Without production, the currency loses its real value and the national economy becomes the easy prey of inflation.

On the financial level, the big efforts made during the past year have brought positive results.

Our financial situation is good. The external debt is not an obstacle to the advance of our economy.

If the state has fully assumed its responsibilities, particularly in elaborating the principles of an equitable wage scale and by assuring the availability of basic necessities, at subsidized prices, it is for the citizen, in turn, to participate in this national effort, both by raising the level of production, and by exercising better control over consumption.

In the context of satisfying the basic needs of the citizen, I have given the necessary directives so that the availability of construction materials is assured. In our country, every citizen aspires to owning his own lodging, and it is in fact in this spirit that the decision was made to sell the housing properties of the state. This decision is already before you.

A method will be decided upon to determine the value of the housing sites as well as the facilities that could be granted to citizens desirous of acquiring the housing they now occupy, or that they wish to build.

Dear brothers, dear sisters:

I am personally convinced that the exercise of democracy, in the framework of our institutions and on objective foundations, is the best guarantee for the building of socialism. In this connection, I have always called for criticism and for self-criticism, persuaded that we must collectively take as much responsibility--even more perhaps--for the inadequacies in our past as for its positive aspects.

If the constructive criticism of the serious worker must be appreciated at its true worth, the denigration knowingly orchestrated by those who are behaving more like residents than like citizens, more like spectators than participants, should systematically be denounced.

During the past year, we have experienced certain problems, false problems for the most part. Despite this, our activity has always borne the stamp of serenity and balance, for we believe in our people, we believe in our options, and we remain faithful to our commitments.

Our people, who have constantly rendered homage to those who work without demagoguery and with a calm spirit, in service of the dignity of the country and its prosperity, have denounced the maneuvers of those the revolution has rejected, of those who stand to profit from confused situations, of those who take an oath of allegiance other than to the fatherland their revolution, of those, finally, who through the unwholesome practice of democracy try to impede the policy of dialogue, try to arouse regionalistic factions and to spread venomous propaganda. I have been patient: more than once I have reiterated that to interpret toleration, balance, and wisdom, which we have shown, as a sign of weakness would be a mistake.

If I am watchful to see that there be brought no assault on respect for the dignity of the honest official and to the freedom of the peaceful citizen, by contrast I will not hesitate to take any measure within the law required to preserve the interests of the fatherland and the revolution.

If the complete confidence which the people have placed in me confers on my authority, then it also confers on me, with the help of God, the capacity to exercise restraint in the use of that authority.

It is for this reason that I watch to be sure that sanctions are imposed in conformity with the letter and the spirit of the law, and that each institution fulfill its mission in the framework of its own jurisdiction and of respect for the constitution. This concern prevails, in particular, with respect to our judicial system, which we want to be fair and independent, having no other concern than what is best for the fatherland and the revolution.

Dear brothers, dear sisters:

Now we must review the national activities during the past year, describe the role of our vanguard party, and reiterate our hope of seeing it fulfill its mission as guide in the leading of the nation.

I want the FLN party to be a powerful party, capable of assuming the fulness of its role in all domains of national life.

In fact, the strength of the party is not defined by the size of its structures or the proliferation of its organizations, or even its activism. It resides, basically, in respect for the ideological choices made by the National Charter, the rationality of organization of its structures, as well as in the complementarity and harmony of relations between the political directorate and the organizations at the base of the party.

It resides, also in the effectiveness of political training, especially of the generations which will pass the torch of revolution one to another. It resides, finally, in the creation of permanent traditions in political life.

In truth, the effectiveness of the activity of the party, at every level, requires of activists exemplary conduct and behavior toward the citizens. This effectiveness is linked to complementarity of activities between the structures of the party and the executive organs, and the absence of duplication of effort and of contradictions. It is also linked to the necessity to watch over execution of decisions of the political directorate, in accordance with the statutes and rules which regulate the functioning of the party, in particular when it is a question of raising the level of consciousness of the masses and of struggling against social ills.

The party militants have fully assimilated these basic principles and they have proven this at the meetings of the central committee and of the special party congress. This reinforces my confiction that the activity of the party and of its mass organizations will give a powerful impetus to the nation in its march toward the satisfaction of the aspirations of our people and of the social forces of the people.

Dear brothers, dear sisters:

While we will be commemorating, with fervor and contemplation, the anniversary of our glorious revolution, we owe it to ourselves not to forget that in less than 2 years we will have to celebrate the 20th anniversary of our independence.

I seize this opportunity to ask all the institutions, in particular those with responsibility for culture and leadership, to prepare themselves for the celebration of this glorious anniversary. The first elements of this preparation will involve the redoubling of efforts catalog the great deeds of our war of liberation. To write our history we owe it to ourselves to record all the elements and meditate on all the documents concerned.

This step will enable us to put at the disposal of the Algerian historian the materials essential for his work. It will similarly permit the Algerian artist to draw inspiration in order to bring back to life the glorious episodes of the revolution, strengthening patriotic sentiment, and assisting activity with a view toward the continuation of the march of the revolution. All this is a part of the cultural revolution.

Brothers and sisters, members of the Peoples National Assembly.

Last year saw a very serious attack against the Arabic and Islamic nation: the decision on the official "Judaization" of Al-Qods.

The Arab and Muslim indignation that was manifested has begun to bear fruit in the international arena.

But the question of Al-Qods has been relegated to the back burner of world concerns by the conflict which has broken out between two Muslim state to which we are bound by ties of fraternity and solidarity, and by feelings of respect and amity toward their peoples. While following, with a feeling of pain, these events, we will not hesitate in performing our duty in order that a just peace can be re-established between these two brother countries.

We are a part of the Arab nation and the Islamic world and Algeria, which has sacrificed for its Arabness and its attachment to Islam hundreds of thousands of martyrs, is convinced that the solution of claims by peaceful means, and the establishment of fraternal relations and sincere cooperation will enable us all to stand up against colonialism and Zionism and to play a positive and effective role at the international level.

It is on this same basis, in accordance with the revolutions of the United Nations and the Organization of African Unity and in perfect harmony with the legitimate aspirations of the peoples of the region that we formulate the wish to see our brothers in Morocco and the Western Sahara get together to put an end to the dangerous situation that exists in our region, so that these two countries together can work, in the framework of the Greater Arab Maghreb, to really support the Arab Machrek [translation unknown], in the harsh ordeal it is going through, and can come to the aid of the Palestinian people in their dramatic plight. This is unquestionably the will of all the peoples of the region.

Dear brothers, dear sisters:

We are still living through the after-effects of the Al Asnam catastrophe which is both a misfortune and a test. Now I have avoided turning this speech into a catalog of all our accomplishments or an exhaustive exposition of plans for the future.

Our people, who have chosen socialism as the way to build a prosperous society, based on the fundamental values imbibed from their ancestral history, their Muslim religion, their authentic Arabness, are aware that this objective cannot be obtained without the combining of efforts and assuming the national responsibility unreservedly.

While the state is devoting colossal efforts to prepare future generations, we cannot fail to underline the important role which revolves, at this point, on the family. In effect, the child growing up is the man of tomorrow, and it is incumbent on us to inculcate in him from earliest youth a faith in God and love of the fatherland, respect for the ideals and principles which constitute the foundations of a better society.

But if such is the role of the family and the school, in this case, it is still the responsibility of the institutions dealing with culture and information, in the party and in the state, to accord special attention to this activity, notably in creating an environment which can be integrated into our values and our socialist option, to strengthen the national personality and to assure its flourishing.

Dear brothers, dear sisters:

Two generations are living today side by side: the generation of November, and the generation of Independence. Their common mission is to guarantee the continuity of the spirit of 1 November and to achieve the social revolution of which the principal tool is the new Algerian man, who believes in himself and in his country and who is proud of his history, of his revolution, and of his Arab-Islamic values.

It is inconceivable that we should live politically just on the strength of the martyrs of our war of liberation, or economically on the strength of the nonrenewable wealth which consists of our resources in oil and natural gas.

The glorious past of a nation is a patrimony which is eroded day after day, if it is not nourished by a daily struggle, which yields nothing in grandeur to the previous combat and its sacrifices. The permanent wealth of a nation is the man with his mind, his labor, and his commitment to the aspirations of his people.

Such is our destiny, and such is our responsibility. We will, with God's help, be faithful to the memory of our martyrs and the repositories of the principles for which they sacrificed themselves.

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PRINCIPLES OF ALGERIAN FOREIGN POLICY ANALYZED

Algiers EL DJEICH in French No 210, Nov 80 pp 54-58

[Article by Fouathia Salah]

[Text] No one can understand Algieria's foreign policy without admitting that the evidence is clear that it is motivated by the noble principles that flow from the very essence of our glorious revolution of 1 November 1954. In fact, ever since the armed struggle was first unleashed, Algeria has had a detailed plan of action to follow in the international field. The proclamation of 1 November 1954 already contains the premises of a militant and dynamic foreign policy. Though the aim pursued be the recovery of the usurped national sovereignty, it remains no less true that the steps taken proceed from principles that are both noble and intangible, such as independence from any ideology or orthodoxy, the rejection of all hegemony, unity of action among the Maghrebian countries, respect for the principles of the Charter of the United Nations. With these principles in mind, Algeria's foreign policy is going to be conducted--on all fronts, to be sure--but on three main foundations: national independence, struggle against any form of domination, and restructuring of the system of international relations.

National Independence

In its international activity, Algeria has never departed from one indefectible principle, which is national independence. In order better to grasp the full scope of this principle, one must go back to the war of national liberation. The Algerian revolution, born of entirely national conditions, had to struggle against all the direct and indirect attempts to absorb it. Despite the sometimes dramatic necessities, no subordination was tolerated. Better still, no one doubts that the spirit of independence that animates the Algerians was forged in an ocean of needs [sic]. This spirit makes it possible for Algeria, even in the thick of fighting, to have an overall plan in the conduct of its foreign policy. A diplomatic apparatus was conceived and maintained at an appropriate level in order to internationalize the problem of Algerian independence and, by consequence, to explain the just foundations of the cause and the Algerian-ness of the fight for liberation.

This diplomatic apparatus showed itself quickly to be effective and rather coherent, thanks to the framework created by the militants of the FLN [National Liberation Force Party]. Thus, the representations of the FLN around the world constituted in many respects a veritable diplomatic saturation, often putting to shame the colonial diplomacy. Some recognition was obtained, often complemented by pro-Algerian positions.

Success was won without any subordination or concession to the profit of any other power. No one thinks that the various recognitions were in any way bought, or represented a debt contracted by Algeria. These allegations did not last long, for Algeria's conduct showed itself free from all attachment and exempt from any allegiance to an outside power. Though stated in the proclamation of 1 November 1954, the FLN kept on reiterating the independence of the Algerian revolution in unequivocal terms at the Congress of Soumman. The platform that came out of this important meeting of the different leaders of the ALN [National Liberation Army] and the FLN says in substance that "the Algerian revolution owes no fealty to either Cairo, or London, or Moscow, or Washington." Such a formulation needs no further commentary. The deepest motivation of the revolution of 1 November 1954 is found in the natural extension of the evolution of the history of mankind and not in purely circumstantial local or regional interests.

The absence of any outside allegiance finds its most simple expression in Algeria's participation in the different international arenas where it has always expressed its own convictions. Also, the Algerian revolution has itself remained intact.

Algeria's international activity was to be guided, starting in 1954, with a sense of responsibilities and a spirit which was really worthy of Algeria's worldwide prestige.

But Algeria's resoluteness does not end at its own frontiers. It is undeniable that Algerians of all times have been the precursors of united action among the three countries of the Maghreb in face of the common enemy. The Algerian revolution set itself the objective of attaining national independence within the North African context. In other words, national independence would have no meaning unless the two other countries recovered their own national sovereignty. This will to unity in action was moreover to become one of the principle foundations of Algeria's foreign policy.

An Independent Foreign Policy

Algeria's fighting experience is worth pondering. In effect, our country understood very quickly that nothing is free, and that there is no gift without a pricetag. Also, the Algerians were the first to figure out in their struggle that everything must be won by force, and that we are not in a utopian world governed by concession or acquiescence. Political independence in reality is only a stage which one must go beyond, in the sense of economic and social revolution, in order to reach total independence. This concept, extrapolated to international relations, was to dictate Algeria's conduct of an independent foreign policy. For, there is no better way to guarantee the consolidation of our national independence than a political orientation free of any subordination.

Counting on One's Own Forces

It would however be naive to think that an independent foreign policy could put up with ostensibly disinterested foreign aid. Algeria quite properly rejects this form of "charity" which constitutes a serious threat which would weigh heavily on political decisions. Also, Algeria would be preaching the doctrine of "counting on oneself first of all." This is obviously the corollary of any really independent policy. This does not astonish the impartial observer who knows that Algeria mobilized all its energies in its struggle for liberation.

It is in fact established that to fail to count on oneself contributes to alienation and consequently to dependence. This is why Algeria considers that development is a Third World affair and that there can be no development without "self-reliance." It put its principles into practice by mobilizing its own forces, as witness the various nationalizations undertaken since 1966. To base development on external aid, however massive, is a fantasy and nothing but illusion. With the help of its experience, Algeria very soon drew obvious conclusions about external aid. Certainly one must not overgeneralize, but it is however established that external aid leads to no positive result. Even more, it leads the beneficiary countries to crisis and bankruptcy. It establishes a welfare mentality and a certain "modus vivendi" of countries of the Third World. Whether foreign aid is public or private it is always insidious and generally constitutes only a political contribution weighing quite heavily on the political decisions of the country.

There is no need to be reminded that in international or regional groups, Algeria has always advocated the principle of "self-reliance" for the economic take-off of the Third World.

Solidarity with the Countries of the Third World

Since 1 November 1954, Algerianas have always borne in mind that the Algerian cause like any other form of struggle could not be hemmed in by frontiers. How powerless even an authentically national independence is against the brutal response of imperialism. So, the independence of all countries has as a corollary, solidarity with a vast movement that should shatter the bipolarization of the international community.

Thus in 1955 the oppressed world began to shake loose the yoke of colonialism. The Algerian cause was one of those that contributed to the reawakening of peoples still under foreign domination. The Bandoeng conference was one of the first manifestation that would contribute first of all to the birth of a certain solidarity and later to a vast movement.

The Algerian question was able to crystallize an Afro-Asiatic solidarity to which later the Latin American countries adhered. This phenomenon was also to be exploited and affect all the interests of the oppressed states.

Algeria has always been sensitive to the interests of the Third World and oriented its activities toward unity among the ranks with respect to problems that need joint resolution.

The Algerian approach to international relations is stamped with candor, seriousness, and equanimity. The method of approach to international problems is one of patient and detailed work.

Algerian diplomatic moves, especially within the "Group of 77," proceed quite coherently. They are oriented principally toward a common goal of all the countries of the Third World. Algerian diplomacy has sensitized the countries of the Third World to their membership in the underdeveloped world. This community of interests should in principle bring the countries of the Third World into a common fight to conquer the common enemy, which is underdevelopment.

Struggle Against Any Form of Domination

Parallel to this active solidarity, Algeria has never lost sight of the fact that other countries are still under foreign domination. It has sided unconditionally with the oppressed countries which struggle for their freedom and their sovereignty.

On the diplomatic front, Algeria has proven itself to be one of the most intransigent and unconditional defenders of just causes. The oftentimes spectacular positions it espouses have sometimes entailed sacrifices, indeed enmities at the international level.

No effort has been spared to force Algeria to desert the camp of the struggle for liberation, but in vain! Far from being platonic, the positions Algeria has taken are immediately followed by effects, many threatening its own interests: rupture of diplomatic, even economic relations with Great Britain after the unilateral declaration of independence of Rhodesia, the rejection of dialogue with the racist regime of South Africa. Algeria has thus consistently placed solidarity with the peoples struggling against colonialism above anything else. It has really worked at arousing suspicions and at preventing false divisions that would be favorable to a climate inimical to the Third World.

The divisions and cleavages in Third World countries are not of such a nature as to favor the emancipation of peoples. Algeria has always worked for unity of views on questions of decolonization. Its attention has particularly been directed toward Africa. Full and unstinting assistance has always been given to the peoples who are waging a meaningful struggle for national freedom. Just yesterday, Portuguese-speaking Africa was fighting Portuguese colonialism, from Angola to Mozambique. Today if Zimbabwe has recovered its soveriengty in dignity, southern Africa remains one of the concerns of Algerian diplomacy. So long as Namibia has not acquired independence and so long as apartheid rules South Africa, there can be no respite. Algeria has always taken an active part in world or regional conferences in order to denounce, and even find a solution to the liquidation of the last bastions of colonialism.

More closely at hand, the peoples of the Western Sahara, only yesterday under the Spanish colonial yoke, have seen their rights to self-determination and independence usurped by a tottering and lunatic monarchy. Algeria, as we well know, has risen up against this illegal transfer of sovereignty at the expense of the Saharan people. This position of principle which it has refused to bargain away for purely egoistic interests, stems from the very philosophy of the Algerian revolution. How could one not hear the call of a people being systematically exterminated in order to present us with a fait accompli? Algeria could respond in no other way but that of total and unconditional support to the Saharan cause.

The national liberation movements have always found refuge, help, and understanding in Algiers. To such a point that Amilcar Cabra described Algiers as the "Mecca of national liberation movements."

Struggle Against Imperialism

The struggle against imperialism is for Algeria only the prelude to a still more difficult battle. In reality, the struggle against imperialism requires a strategy. Algeria is committed in the first stage to denounce imperialism everywhere. In the second stage, it is committed to weakening it systematically.

For denouncing imperialism, international conferences offered Algeria very great opportunities. With respect to Africa, Algeria has always had a policy consistent with its ambitions. The balkanization of Africa served only to further the strategic interests of imperialism. The division of the continent into several organizations rendered Africa still more alienated and unaware of its vital interests.

Algeria has not however spared any effort to unify Africa and the Africans on the basis of an ethos of inter-African relations.

Nonaligned Policy and Restructuring of International Relations

The OAU [Organization of African Unity] was to be established on the basis of African principles. Among the most important, we mention: the principle of the inviolability of the frontiers inherited from the colonial period and noninterference in the affairs of other countries. The negation of these two principles was exploited by imperialism to create hot-spots of artificial tension.

This activity can only be pursued in concert with other countries that have the sincere desire to escape from domination. The consolidation of independence can have no other dynamic than one within the context of nonalignment. In fact, for Algeria the international community is only artificially bipolar: the socialist world on the one hand and the capitalist world on the other with of course the periphery composed of countries subject to its laws. This yoke can only be broken by the emergence of a neutralist current. The development of this current became systematized with the nonalined movement that brings together the countries who reject any foreign presence on their territory. But it is also the expression of the negation of domination or hegemony. Algeria is a country enamored of peace and of justice, and as such has no choice but to be nonalined. Its foreign policy is nonaligned, and has been since 1 November 1954. Its nonaligned policy is oriented toward alliance with the countries that have succeeded in consolidating their independence and which are free from the hold of imperialism.

The holding of the Fourth Nonaligned Summit in 1973 in Algiers was to be the occasion to bring to fruition the idea of the emergence of a new and more just international economic order.

The Algiers summit examined all economic problems in light of the conjuncture brought about by the readjustment of oil prices. Over and above the economic statements, "a program of action for economic cooperation" was adopted. The presidency of the movement for 4 years went to Algeria, which was at the origin of the 1974 special session of the United Nations devoted to problems of raw materials and therefore the economic problems of the world. Algeria seized this occasion to announce, in the name of the majority of humanity, a moving appeal to forge a new balance in international relations. The late president Houari Boumediene, who spoke as president of the nonaligned movement, said that "the development of the Third World, success in eliminating want, disease, illiteracy, and insecurity, would not at all be the revenge of the poor countries over the rich countries, but the victory of all humanity." Since then, the balance of nuclear terror and deterrence are yielding more and more before the determination of the nonaligned to bring balance to the distribution of wealth on our planet and to distribute its enjoyment equitably.

Our countries were from the start aware that political freedom is only a mirage. To consolidate the nation's independence it would be necessary to liberate oneself from the grip of imperialism and undertake an economic liberation. A national effort, however big, would be in vain without such an economic emancipation. Economic liberation can only be grasped in the framework of constant and active international solidarity.

The foreign policy of our country constitutes the indispensable corollary to the realization of the objectives to be reached internally.

Thus, in order that the international community will be able to avoid any social or political cataclysm, a new balance in global relations must be defined. The disadvantaged countries demand greater equity in international relations. The retardation due to colonialism can only be aggravated by the pereptuation of an obsolete system of international relations based on the center-periphery dichotomy. Algerian diplomacy is always demanding equality and democracy in international relations. This objective can only be attained if the disadvantaged countries consolidate and reinforce their negotiating power as the OPEC countries did in gaining dominion over their own resources.

Peace Through Cooperation

The Algerian diplomatic steps for a new balance in international relations proceed from a sincere desire to establish a durable peace and peaceful relations founded on cooperation.

Algeria has applied itself to substitute for the East-West polarity a more realistic definition of the world divided on a North-South axis. Is not the progress shown in the world in the domain of detente the fruit of the Algerian strategy of redefinition of international relations?

Algeria has contributed in a positive way to the struggle against the arms race and against nuclear testing. By practicing a policy of nonalignment, Algeria has given a concrete example, like other authentically nonaligned countries, of liquidation of military pacts and foreign bases. For such an option means only the alienation of all or a part of one's national sovereignty. This is why Algeria has always established relations with all states on the basis of equality and of mutual respect of national sovereignty.

Our country has always advocated the strengthening of direct ties between developing countries in order to put into practice better the idea of South-South cooperation. The socialist option requires of our country a rapprochement with the socialist camp. Nevertheless, this type of relationship is only established on the basis of free will in full cognizance of national interests, on the one hand, and of the great international problems, on the other.

With the capitalistic countries, Algeria practices an independent policy with respect to the capitalist center in order to escape from the periphery. Its cooperation with these countries has always been bereft of any excess of accommodation or submission. In order to acquire technology, Algeria has never alienated a part of its sovereignty, but on the contrary has often paid a heavy price. In its commercial relations with the capitalist countries, Algeria has always demanded greater compensation for its raw materials.

Geostrategic Re-Groupings

In the era of great alliances, and confronted with the existence of continental-size states--the United States, the USSR, China--Algeria must practice a policy of unification and support for movements struggling for unity.

This trend is in no way circumstantial, and certainly does not spring from a mentality of gigantism.

Maghrebian Unity

The will toward unity advocated by Algeria comes from the sincere desire forged by the Algerian political movement in the start of this century.

Algeria has considered and still considers that the unity of the Maghrebian countries is inscribed in the destiny of the peoples of the region. It has always worked toward its realization by contributing toward a just appraisal of the need for unity in order to overcome obstacles. Also, the Maghreb of the peoples must be achieved despite the divergences due merely to circumstances. If the evolution of the Maghreb of the states has not been free of the influence of centrifugal tendencies, the Maghreb of the peoples should by contrast consecrate their equality and their social promotion.

Arab Unity

Also, Algeria still considers that Maghreb unity is only the prelude to a unity of the Arab world. The Palestinian cause can in effect create the cement of this unity. For this cause is above all that of all Arabs. The independence of the Arab countries can only be complete if the Palestinian fatherland, usurped by Zionism, is liberated. The Palestinian cause has always polarized the attention of Algerian diplomacy. The Algerian position on this question can be formulated in no better words than in the choice: "Victory or Death." The Egyptian reconciliation with the Zionists can only be perceived as an act of treason against the Arab Nation. Algeria accordingly has reacted by breaking all ties with Egypt and by adopting an unequivocal policy within the Rejectionist Front.

African Unity

Regarding Africa, Algeria has always manifested its desire to cast out forever colonialism and imperialism. In the framework of the OAU it has consistently advocated respect for the principles of the Charter of Addis Ababa. No one can reproach our country for having departed from this which Algeria has itself trodden along with the other African countries. Algeria has always observed the principle of the inviolability of the borders inherited from the colonial era. For the failure to observe this principle would create a veritable powder-keg that could seriously affect the future of African relations. In dealing with border conflicts, Algeria has adopted a clear and definitive position. No border should be modified by force.

For Algeria, African unity would have no meaning apart from the establishment and strengthening of sound and durable economic ties between African countries.

Besides, this position advocated so strongly by Algeria is put into practice in our relations with neighbor countries. In fact, the geo-political environment conditions in a certain sense the foreign policy of Algeria. It is based on understanding and the mutually beneficial cooperation indispensable for any policy of good neighborliness.

With the fraternal peoples of the Maghreb the policy of good neighborliness consists in coming to objective unity. This unity, however, must necessarily flow from a sincere desire of the peoples and not from a strategic position arising from tactical circumstances. This policy which aims at the victory of the peoples of the Maghreb, constitutes a powerful factor for peace and stability in Africa and therefore [of peace] in the western basin of the Mediterranean.

With our immediate African neighbors, this policy of good neighborliness aims first of all at overcoming the problems of geography which have disadvantaged them. Does not the African unity road contribute to the breaking of the isolation of the neighboring countries by opening to them a gate on the Mediterranean Sea? It also permits a certain rapprochement of the peoples of the region. The priming of a policy of exchange that will indisputably strengthen the ties between the peoples of the region.

With the neighbors to the north, the problem is more complex because of the fact of the difficulties of establishing new, more fruitful and more egalitarian relations. The foreign policy of Algeria is oriented toward mutual understanding through the development of economic and cultural exchanges. The other aspect of understanding aims at the question of security in the Mediterranean. In this region where peace is so fragile, the foreign policy of Algeria aims at joining together the efforts of the Mediterranean countries to eliminate all foreign presence, and therefore all factors for tension. Algeria expresses a sincere desire to make of the Mediterranean a "lake of peace" and to shelter it from rivalries, even among riverine countries.

Thus the international activity of Algeria is free from any excessive accommodation. It expresses the faith and determination of a people who have won their right to existence and dignity at the price of the sacrifice of thousands of their brave children. At such a price, it is impermissible to accept new interferences from whatever source. In a word, the foreign policy of Algeria bears the stamp of the glorious revolution of 1 November 1954.

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REESTABLISHMENT OF BALANCE, SATISFACTION OF FUNDAMENTAL SOCIAL NEEDS

Algiers EL MOUDJAHID in French 5-6 Nov 80

[Article: "National People's Assembly: Autumn Session 1980; Review of the Two Broad Lines of the 5-Year Plan: Reestablishment of Balance and Satisfaction of Fundamental Social Needs"]

[5 Nov 80 p 4]

[Text] Set out below is the report of the Committee on Planning and Finance, presented last week at a plenary session of the National People's Assembly, by Abdelaziz Belkhadem, rapporteur of the Committee:

The consideration of the 5-year plan, submitted for the discussion and approval of the National People's Assembly, is a major event in the life of our young institution.

The study of this plan and the debate which will be devoted to it constitute, in effect, the crowning of a long process which, beginning with consultations at the base of our country, has permitted the extraordinary congress of the party and the Central Committee to determine the broad lines of national development.

The importance of this debate relates equally to the fact that this plan is intended to control the general effect of the activities of the country for 5 years.

The Committee on Planning and Finance, which has been given the difficult task of reporting it to you, considers that its contribution, however modest and incomplete it may be, has only been made possible through the valued and effective cooperation of all of the committees of the Assembly.

After more than a decade of effort undertaken by the nation to set the country on the path of independent national development, the political leadership, on the basis of the decisions of the Fourth Congress of the FLN, has set in motion a process aimed at measuring the path we have covered and at evaluating objectively the results achieved and the shortcomings observed, in the light of the profound changes which have occurred in the economic, social, and cultural fields.

A necessity demanded by the nature of the historic stage to which the Algerian revolution has come, this act of evaluating the decade experienced by our country is intended to weigh the strong points and the weaknesses in our development

experience in order to come to grips with the new stage with a maximum of clarity and continuity. This is needed for the reinforcement of our achievements and for a greater satisfaction of fundamental social needs in accordance with the principles contained in the constitution.

This courageous step provides the proof, if such were needed, of the maturity of our people and of the strength of our revolution.

It also provides the proof of the permanent nature of the objectives of the Algerian revolution, approved by the constitution and reaffirmed, on many occasions, by President Chadli Bendjedid, secretary general of the party.

We therefore think that it is necessary, in order to appreciate the objectives which the plan submitted for your examination proposes to reach, to recall briefly the process of development and to set out the positive and negative aspects noted in the course of its evolution.

The strategy of the economic, social, and cultural development undertaken during the past decade has been determined both by the state and nature of the national economy immediately following independence (significant, structural unemployment, disorganization, and external orientation), as well as by the aspirations of a people harshly tested by the war of national liberation.

This demanding strategy notably sought to achieve the following objectives:

--Elimination of the causes of unemployment

--Provision of schools for the whole population

--Development of a productive apparatus adequate to guarantee our development and to ease our independence

--Elimination of regional disparities.

In order to carry out this policy well, in a hostile environment, and to achieve these objectives, we proceeded to the recuperation of national wealth, thanks to our continuing determination in this direction.

All the levers of command of our economy were taken in hand: instrumentalities of the state were set in place in all areas of activity.

A Strategy Which Has Produced Remarkable Results

In carrying out this strategy large-scale actions were undertaken.

In the economic sphere basic industry was created, founded on the exploitation of our national resources and capable, at the same time, of creating the conditions of independent development and of assuring a lasting integration of activities in the various sectors.

In the agricultural sphere the application of the agrarian revolution led to considerable turmoil in the rural area, thanks to which the Algerian farmer has become

master of his own destiny and has been able to break with a century-old past marked by his exploitation and alienation.

In the social sphere we proceeded to the diffusion and the democratization of instruction, to the broadening of employment, and to the introduction of a free medical service.

In the political and institutional sphere, parallel to the strengthening of the state and its subordinate bodies and in the framework of a democratic and decentralized process, we proceeded to the election of people's and workers' assemblies.

However, at the same time that this strategy has produced remarkable results in a certain number of economic and social areas, it has led to distortions whose negative effects have been manifested more and more sharply in the course of the profound changes which were affecting our economy.

The dynamics of industrial investment, facilitated by the relative financial ease of the country during the period under review, and the extent of the financial means available to it ended by leading to imbalance in the general structure of investments and by imposing on the other sectors of the economy constraints on resources as well as on material and human means.

Thus it is that the division of investments by sectors gives 55 percent to industry; 9.2 percent to agriculture, irrigation, and fisheries; and 36 percent for the remaining sectors (public works, social investment, infrastructure, etc.).

Furthermore, the investment effort, which had become more and more massive, lost coherence and efficiency. Instead of contributing to meet the objectives of integrated and independent development, it aggravated distortions within and between the sectors and within and between the various regions.

On the level of production, an analysis of the evolution of gross domestic product from 1967 to 1978 shows a noticeable difference between the nominal rates of growth and the real rates of growth. The rates of growth of gross domestic product, in effect, showed a net decline, whereas, at the same time, total investment in real terms did not stop growing. Investments went from 36 million dinars in the course of 3 years [1967-1969], to 76 million dinars in the next 4 years [1970-1973], and 135 million dinars in the second 4-year period [1974-1978].

Noticeable differences between forecasts and results in growth of gross domestic product were recorded. Whereas the objective was for 9 percent growth annually for the first 4-year plan and 11.2 percent for the second 4-year plan, the results were respectively only 5.9 percent and 5.5 percent. Per head of population gross domestic product only recorded slight rates of growth (between 2 percent and 3 percent) per year.

It should also be observed that value added in the service sectors experienced more rapid growth than that of the sectors of production of material goods. If one refers to the evolution of added value by person employed, in order to appreciate the level of productivity of labor, one comes to the conclusion that productivity was weak, which was translated into a very high level of imports of goods and services (more than 50 percent of gross domestic product). This phenomenon is analyzed as recuperation, by foreign economies, of the processes of diffusion and broadening of the growth of our economy.

Generally, the objectives of production and of productivity, relegated to second place by comparison with the objectives of investment, have not been attained. The necessary conditions for economic integration have not been brought together and have led to reliance on foreign countries.

The general equilibrium of the structure of investments was broken by the lack of skill in the supervision of projects and the assignment of resources.

Inflationary Tensions and Purchasing Power

Coordination between sectors of investment activity at the planning level has been weakened and consequently led, through reduction in the level of results and wastage of capital, to an increase in actual amortization costs, and raised the problem of restructuring plans for the financing of projects on the basis of budgetary savings.

The propensity to import increased, from 23 percent in 1967 to more than 48 percent in 1978, and strongly affected the equilibrium of our balance of payments.

This recourse to foreign countries limited, consequently, the effect of multiplication and acceleration within the national economy, while it noticeably increased the volume of external debt.

On the level of revenue, the volume evolved considerably because of the relative mass of investment. These have increased at a rate of 8 percent per year during the 3-year plan, 11 percent during the first 4-year plan, and 17 percent during the second 4-year plan. However, if the evolution of investment did not take place in the same way for the different social groups, on the other hand the influence of price increases had a much greater effect on those having a fixed income lower than others.

The inflation rate has been estimated to be 10 percent per year throughout the period. The distribution of monetary revenue without relation to the productive effort and the insufficient dynamism of gross domestic product led to frequent shortages of goods, to the fixing of improper rents, and to price increases damaging to the purchasing power of social groups with low incomes and with incomes difficult to change and to increased recourse to the importation of goods and services.

Elsewhere, the rapid rate of increase of the money supply (23 percent per year), by comparison with that of gross domestic product (7.2 percent per year), increased inflationary tendencies. Advances by the BCA [Central Bank of Algeria] to the Treasury, which were occasional until the advent of the second 4-year plan, have become quasisystematic and have had the effect of increasing inflationary tendencies, which have led to a deterioration in purchasing power.

The effectiveness of the application of these actions was thus progressively reduced at the same time as distortions developed in the functioning of the economy and there was an aggravation of social tensions.

In the area of social developments which occurred during the past decade the remarkable evolution of the employment level should be noted first, since 1.1 million nonagricultural jobs were created during the period.

Regarding quantitative results in the field of education, there has been continuous growth, thanks to the priority which has always been given to this sector. The democratization of access to education has materialized in fact, since the rate of school attendance reached 73 percent in 1978. However, it must be noted that there is a disparity between the rural areas (53 percent) and the urban areas (88.5 percent) and between school attendance by girls (59.6 percent) and that of boys (80.8 percent).

With regard to the qualitative results these are characterized by a relative decline in the level of education and inadequacy of training in terms of the needs of the economy.

Elsewhere, significant waste was noted in terms of the lack of coherence between the sector of education and that of professional training. Thus it is that more than 1 million young people from 15 to 20 years old make up a floating population which is not integrated either into the system of education and training or into that of employment.

In the field of health, the period was marked by a major step taken, that is, by the institution of a system of free medical care. The creation of health sectors, the increase in the number of light health units, the establishment of health centers under social security, and the continuing increase in the number of doctors all constitute real progress. The fact remains that the efficiency of the health apparatus remains mediocre since the death rate is very high (126 per thousand). Preventive medicine, hygiene, and maternal and infant care remain inadequate.

In the matter of housing, although important efforts have been made in the rural area, the period was marked for a long time by the conviction that this sector had a low priority. When added to this state of affairs, the effects of demographic growth and rural exodus and weakness in the level of construction have created a housing crisis.

It appeared at the end of this brief analysis of results during the past decade, which could not be either exact or exhaustive, that in addition to the problems resulting from the rapid and ambitious development of our country, serious imbalances and distortions affect our economy.

Their rapid resolution constitutes an imperative need in order to reinforce the achievements of the revolution and to place our development on durable foundations which guarantee our independence.

The extent of the social needs to be satisfied, the challenges with which we are confronted as we face a difficult environment make it necessary for us to raise all of the constraints which hamper our march toward a better life.

The Perspectives of the Decade, 1980-1990

The 5-year plan (1980-1984), if prepared in terms of the results of the evaluation of the period from 1967 to 1978, is also a part of a long-term effort, of which it constitutes the first stage.

The nature of development and the complexity of its associated problems require, in effect, that we fix the long-term objectives for our economy.

In this framework the political leadership has prepared 10-year perspectives whose main lines we have considered it useful to recall to you.

The objectives prepared for our economy for the decade 1980-1990 aim at priority satisfaction of social needs.

To set out this imperative need in concrete terms, the strategy to be put into effect requires a certain coherence of economic choices and a manipulation in the development of the various sectors around this fundamental objective. Such an effort is not compatible with autonomous development of the different sectors of activity. Quite to the contrary the effort requires a unitary process in action, an optimum valuation of our productive capacities, and a total mobilization of our human potential.

In these circumstances the main lines of action to take in the course of the decade should more particularly aim at:

--the strengthening and the development of our energy potential by means of the exploitation of all channels open to us

--the mobilization at a high level of our water resources

--the intensification of our agriculture and the expansion of its scope in terms of planted area

--the continued development of basic industries which are indispensable to the breaking of ties of dependence on foreign countries.

The extent of these tasks and the knowledge of demographic evolution and its implications in terms of jobs and of training make it possible to measure the degree of effort and of mobilization required of all Algerians.

In effect, the population of the country will reach 27 million in 1990 and 36 million in the year 2000, on the basis of an annual rate of growth of 3.2 percent.

Taking into account the absorption of the underemployed and the return of emigres from abroad, the total working population will reach the level of 6.3 million in 1990, whereas in 1979 it was about 3.7 million. The forecasts of agricultural jobs are dominated by the double concern to prevent the departure of farmers from other sectors of activity and to improve noticeably the income of farmers. As a consequence it is essential to increase substantially agricultural productivity and parallel to that, whenever possible, activities which are not specifically agricultural should be introduced. Agricultural income and working conditions in that way could be improved to the extent that energetic and appropriate action could be undertaken in the field of prices and sales. The differences in income observed between city and countryside would be absorbed on a permanent basis, and only excess manpower not usable in agriculture would emigrate. On this assumption the active agricultural population would diminish from 1 million in 1979 to 900 thousand in 1990.

The Extent of the Training Tasks

In the nonagricultural economy the active population will go from 2.7 million in 1979 to 5.4 million in 1990. The creation of 2.7 million new jobs is therefore necessary. This figure by itself illustrates the extent of the task and the intensity of the efforts which must be made on behalf of the training effort. In distinction to the past it will further be a matter of creating jobs at an average level of high qualification and at a consequent level of productivity.

Having regard to the structure of investment provided for the period, these new jobs will be divided as follows:

--Industry: 500,000 more jobs

--Building construction and public works: 700,000 new jobs

--Administration: (bringing in the sectors of health and education): 500,000 more jobs

The training of our human potential will therefore constitute the permanent, major work of economic policy during the next several plans. Qualitatively, training policy requires:

--Improvement of basic and mid-level instruction

--Intensive development of training within economic units

--Application of an effective and large-scale program for the training of trainers.

The effect of these measures will be felt at the level of the job structure in a proportion of 30 percent of the ordinary manpower in 1980 [sic]. It is 50 percent at present.

Overall, the number of cadres will go from 100,000 to 300,000; that of technicians and master workers will go from 360,000 to 900,000; and finally that of qualified workers will go from 500,000 to 1,800,000.

Income produced on the basis of one activity of production of goods or real services will grow during the period by more than 150 percent. This gross overall growth will cover in the nonagricultural economy an increase in salary income in the order of 100 percent and a growth of non-salary income of about 70 percent.

Income from transfers, of which industrial workers are principally the beneficiaries, will increase at about the same rate as salary income (3.8 billion dinars in 1979 and 13 billion dinars in 1990).

The spontaneous evolution of incomes in agriculture will record insufficient growth by comparison with the objective of improving real income in the countryside.

To correct this development, it will be appropriate to provide, in addition to transfers, income supplements to agriculture in the order of 5 billion dinars, which should benefit the most disadvantaged agricultural zones.

In qualitative terms we should proceed notably to the elimination of situations of unjust enrichment and rents which relate to specific situations.

Regarding savings, which are to constitute 10 percent of household income in 1990, this will continue to be essentially a matter for those receiving medium and higher incomes. It is important to set up channels to use them so that they will be effectively directed toward consumption of durable goods produced by the national economy and to the benefit of construction.

Overall consumption will grow by about 120 percent between 1979-1990. Per capita it will increase annually by about 4 percent. These averages, which are in constant evolution, should not make us relax our vigilance and make us lose sight of the existence, even today, of situations of underconsumption and even, although very rarely, of undernourishment, which it will be necessary to remedy quickly.

The growth of consumption must be satisfied by the availability, at fair prices, of goods and services necessary to the people where they live.

Education, Housing, Health

In the area of community needs mastery of the national language at all levels of instruction and its spread to all disciplines require intense efforts on the part of all elements of the educational, cultural, and training system.

In this framework, it is necessary to provide the educational and training sectors with the means to expand the use of the national language in all areas of activity and expression, in order to make it the privileged vehicle of our culture and of our civilization.

At the level of education, elementary education will receive in 1990 1.0 million more children than in 1979. The objective is to end with all children attending school who are capable of benefiting from it, to reduce inequalities which exist between the various regions, and to raise educational levels through an improved system of teachers. To this end it will therefore be necessary to increase the number of teachers by more than 30,000.

The number of students in middle level education programs will total 1,700,000, which require 1,900 additional schools [CEM] and 40,000 additional teachers.

The number of secondary school teachers will increase by nearly 40,000. The permanent staff therefore should go from 7,000 professors to 30,000 in 1990. The number of senior high schools should be multiplied by three.

The students in higher education, now numbering 52,000, will be 200,000 in 1990.

The Algerian universities, during the period, will have to award 140,000 diplomas to ensure that we are able to fill 70 percent of our needs for senior officials with Algerians.

In the area of housing it will be a matter of building 1.2 million homes during the decade. This figure should be raised to 2.0 million homes if we wish to reestablish the housing conditions of 1966, which were notably better than those which

existed in 1977. Apart from the control of costs and the organization of the various sectors to which this is related, it will be necessary to assign to the housing effort 600,000 qualified personnel during the decade.

The state by itself cannot, without damaging consequences for other sectors, provide the financing for 2 million homes. It is essential that do-it-yourself construction be significantly developed, which notably implies making available ground for construction at reasonable prices.

The area of health should develop in a coherent framework. During the period it will be necessary to provide:

--40,000 hospital beds

--850 polyclinics

--1,800 health centers.

In terms of personnel it will be necessary to provide 20,000 additional medical personnel and increase paramedical personnel from 20,000 to 80,000.

The satisfaction of all of these social needs requires that during the period the growth of national production attains 8 percent per year in real terms.

Double the Irrigated Area

Taking into account the priority objective of the decade, the investment program will reserve a growing proportion of funds for water works, agriculture, and the actions necessary to develop our energy potential for future generations.

Therefore, during the decade it is planned to earmark 50 billion dinars for agriculture. This will result in an increase in the irrigated area which must go from 300,000 ha to 600,000 ha, between now and the year 2000. The water works sector should receive an investment of 30 billion dinars, divided as follows:

--Construction of dams, reservoirs, and major water installations: 20 billion dinars

--Provision of drinking water to the population of industrial areas: 5.5 billion dinars. Anticipated daily consumption per capita in liters:

--1980 150

--1985 200

--1990 250

--2000 300

--Hydro-agricultural construction, including wells, drainage, and large-scale dams: 4.5 billion dinars.

Added to the investment program will be provision for agricultural hydraulics construction, which will amount to 12 billion dinars.

industrial development will benefit from an allocation of 230 billion dinars, not including investment in hydrocarbons, and one-third of the credits will be devoted to the completion of work under way.

The rate of growth anticipated by sector is 12 percent for processing industries, or triple the present figure:

--10 percent for consumption industry

--15 percent for the semifinished products industry.

The performance expected in the different sectors of production will involve the progressive strengthening of our economic and financial independence. Thus, the role of imports of goods and services should be notably reduced, going down from 50 percent at present to 25 percent in 1990.

On the other hand, and in spite of the change in the investment structure, the present level of imports of equipment will not change significantly. However, the import of food will only grow by 5 percent per year (it was 10 percent per year in the past decade), on the assumption that agricultural development will reach the planned objective.

Overall, imports of goods and services will grow at a slower rate than the national growth rate (5 percent per year against 8 percent).

Exports will continue to be dominated by hydrocarbons. Exports of gas will increase, beginning in 1980, and could reach about 60 billion cubic meters in 1990. The quantity of condensate exported could reach 16 million tons. The exports of crude oil will decline in favor of exports of available, refined products, as a result of the double effect of entry into production of our refineries and the application of the policy of conservation of our resources. Some 30 million tons of crude oil and refined products could be exported in 1990.

Given the uncertainty concerning the evolution of prices in the international markets and principally the purchasing power of hydrocarbon exports, a more prudent approach has been adopted to limit to the maximum extent the dangers of dependence run by our economy and induced by too large foreign financial borrowing. This recourse to resources accumulated abroad should be modulated in terms of the real evolution of the purchasing power of our exports and by limiting, as much as possible, the use of anticipated revenues.

Absorb the Distortions and Control the Productive Apparatus

On the assumption of a favorable evolution of hydrocarbon prices and having regard to the volume of investment for the decade of 900 billion dinars, the balance of goods and services will appear to be in overall balance.

After 1984 and until 1990 the surpluses developed through the trade in goods and services will make it possible to repay all of our international debt, including that which will be incurred during the coming 5-year plan, and to end the decade without having incurred new financial obligations which have an impact on our external balance over the longer term.

Very succinctly stated, those are the objectives which should be achieved in the decade. The estimates reflect what is involved.

It is true that success is conditioned on the considerable changes which must involve the organization, control, and degree of performance of our economy.

That is why the 5-year plan for 1980-1984 emphasizes, on the one hand, the need to reestablish overall balance rapidly, and proposes, on the other hand, an investment structure which makes it possible to improve, during the period, the level of satisfaction of basic social needs.

In effect, from the analysis of the general report of the plan, it turns out that the realization of the physical objectives and the degree of effectiveness of our investments will largely be conditioned by the absorption of distortions and the control of the productive apparatus.

[6 Nov 80 p 4]

[Text] The Conditions of General Balance of the Plan

We publish today the second part of the introductory presentation, prepared by the Committee on Planning and Finance of the National People's Assembly, regarding the draft bill containing the 5-year plan for 1980-1984, which is presently being debated by the deputies in the autumn session of 1980.

In this second and last part of the introductory presentation the committee tries to identify the principal imbalances which exist on the eve of adoption of the 5-year plan. Taking into consideration the fact that, in the years to come, the volume of imports must be reduced, the committee therefore considers the improvement of national production to be imperative.

Elsewhere, as the draft plan provides for an increase in productive capacity in the order of 70 percent by the end of the next 5 years, the committee considers that the material construction industries should be able to respond in a satisfactory way to all of our needs.

On the other hand, in consideration of the private sector, which must be taken into account in the planning process but which must have no influence at all on decisions of economic policy, the Committee on Planning and Finance considers that this is a matter of determining the place and the role of this sector.

In conclusion, the committee proposes that, "the instruments of fiscal policy regarding prices and credits will be used to eliminate unjustified profits, the establishment of speculative rents, and to prevent concentration of capital."

The strategy of the 5-year period of development aims at the elimination of distortions, an improvement in the performance of investments, and a greater control of the productive apparatus and the management of the economy, in order to ensure a broader satisfaction of basic social needs.

This general effort to absorb tensions and imbalances during the period of the plan requires, at all levels and as soon as possible, decisive improvement of the organization and functioning of the economy and respect for and control of the structural dimensions of its evolution.

On the eve of the adoption of the 5-year plan the principal imbalances are found at the following levels:

--internal economic relationships marked by an underutilization of installed productive capacity, weak productivity by labor and capital, and rigidity in the supply and functioning of the economy

--incomes in terms of consumption, with an inflationary evolution of prices, distortion of incomes, and the accumulation of speculative rents

--employment, which is characterized by a considerable evolution in terms of new workers coming into the labor market and a small number of qualified personnel coming out of training programs

--internal and external financial imbalances, as well as imports marked by a destructive recourse to foreign sources of supply in terms of volume and structure

--regional balance, characterized by the absence of a general plan for development.

Assessment of Existing Capital Plant

In terms of internal economic relationships, the evolution of the general balance of goods and services is principally determined by progress in national production. Actions envisaged in terms of the evolution of production concern the effective use of installed equipment and its employment by measures involving: reorganization of companies, changing the sales conditions, and improving the quality of senior staff. The institutional framework for intervention in company affairs (using the code of the markets, company plans, role of the private sector) will be used for the purpose of instituting specific and lasting rules for functioning.

According to existing assumptions, the evolution of consumption in terms of investment will be more rapid. Thus, consumption will grow at a rate of 8.5 percent per year, while investments for their part will only grow by 7 percent per year.

If we consider that the rate of imports will be reduced (6 percent per year), it is therefore imperative that national production be considerably improved. This necessarily implies the continued broadening of internal resources. The existence of significant productive capacity which is presently underutilized, the planned entry into production of numerous projects under construction, as well as control of the existing apparatus, make it possible to envisage a rapid growth in production, with the average annual rate of growth to reach a minimum of 8 percent. By 1984 this will bring gross domestic product to 165 billion dinars in constant values. The rate of growth of 8 percent, in fact could be much higher (up to 12 percent) if results anticipated from measures expected to be taken against rigidities in the functioning of the economy and from an improvement in the management of the productive apparatus rapidly become a reality. (See Table 1). [At the end of the article]

Thus, it is planned that there will be an increase in the order of 70 percent in the productive capacities of the steel, mechanical, and electrical industries. This is due, on the one hand, to the doubling of steel capacity and, on the other hand, to an increase of about 40 percent in the productive capacities of the mechanical and electrical industries.

Concerning the industries which supply construction activities (such as construction materials, general carpentry, hardware, and paint), these should be able to respond, on a satisfactory way, to all needs.

The same can be said for the processing of agricultural products, textiles, leather and shoes, and chemicals--areas whose rate of use of installed capacity should reach 80 percent. Hence, the rates of growth in these areas expected in the plan will be extremely substantial.

Concerning agriculture, production will grow at a slow rate in terms of the possibilities, throughout the period of the plan (4 percent per year). This is due to the effects, limited to the short term, of restructuring and the intensification of activities which are planned.

Regarding the construction and public works industry, demand for building and public works will be very strong (developing at an annual rate of 12 percent). The plan also envisages a growth (in present prices) of output in the construction and public works sector at an annual average rate of more than 10 percent, with recourse to foreign construction capacity. This is limited to the construction and public works sector and involves foreign firms specializing in major projects and artistic work.

Finally, the productive activities of commerce and of the services sector should increase at an annual rate of more than 10 percent, having regard to all of the changes expected during the period, involving the diversification and the evolution of employment.

An Increase in Supply

In this area an important growth in terms of supply will be recorded during the period, thanks to the creation of more than one million jobs, making it possible to respond to strong new demand in the labor market. This objective will be achieved by intensified use of the productive apparatus and by the completion and entry into production of projects which are now under way.

However, the capacity of the system of direct training cannot respond to the need for qualified personnel, induced by expected changes in the structure of the productive apparatus. In effect, there will be only 460 thousand personnel graduated, while the demand for qualified personnel will amount to 700,000.

Thus, the accent has been placed on supplementary training programs in all sectors.

Finally, the effects of volume and of better qualification of workers will lead to substantial increases in creation of income and will involve further increased and diversified consumption.

According to the planners, the evolution of income during the period of the plan will be at the rate of 7.5 percent in real terms, with an average of 4 percent per capita.

An increase in salaries in the order of 10 percent per year will be the essential factor in this development.

In addition to the qualitative and quantitative progress expected from production and sales, a certain number of arrangements will be set in place, aimed at energetic action against inflationary price tendencies, the aggravation of income distortions, and the accumulation of speculative rents.

In the economic sphere the production plan will constitute the privileged instrument for the application of planning of salaries. The increase of salaries will be closely linked to the evolution of production and of labor productivity. The remuneration system gives a decisive place to individual and collective stimuli.

In the institutional sphere the application of salary planning will rest on mechanisms for the analysis and preparation of decisions, which are foreseen in the general law of the worker.

Elsewhere, mechanisms will be progressively developed for the determination and the fixing of consumer prices, in relation not only to the protection of purchasing power of the population on fixed incomes but also to decisions on choice and preference in terms of a consumption model.

In this way savings by individual families will be directed to the achievement of the most urgent social investments (construction).

In this direction it is planned to achieve important structural changes in home consumption with a rapid evolution of demand for industrial products (10 percent per year), in conjunction with the planned development in the housing sector (home appliances, energy, chemicals), as well as a reduction in food expenditures, which will decline from 52 percent to 45 percent in 1984.

Organization of Foreign Commerce

It should be noted that it has not been possible to base our assumptions in terms of exchange rates, which are rather weak, and to assume the strong probability of their achievement, given the disturbed international context in which our external financial balances will evolve.

The assumptions made are based on a prudent approach to the evolution of exchange rates and, at the same time, on the wish to ensure the financing of our foreign commerce, for the most part with our own resources.

The increased integration of our activities, the strengthened discipline reflected in the choice and contents of our investments constitute the decisive, disciplinary measures for our recourse to foreign assistance.

In the same way progress is planned to be made in terms of the organization of our foreign commerce and the programming of imports, which will be carried into effect by the adaptation of imported products to the real needs of the economy and an intensification in the use of national production.

In this category the rate of growth of imports in terms of goods and services will be 6 percent per year during the 5-year plan, against 20 percent recorded during the last plan. The rate of 6 percent expresses the effort to reduce improper resort to the foreign markets.

On the other hand the evolution of receipts in terms of the export of goods and services will continue to be marked, as in the past, by the almost exclusive role played by receipts for hydrocarbon exports, the role of other products remaining marginal.

With regard to the internal financial balance projected for the period 1980-1984, it will be deployed on the basis of a different division than in the past of development costs between the income from the state budget and that of the economic sector.

In this way the period of this plan will be divided into two phases:

--The first phase, which should correspond to the first 2 years, will see state savings carry all of the weight of financial and monetary recovery, resulting from the need to absorb accumulated deficits, both in the category of the functioning of production as well as in that of the financing of investments.

--The second phase will be marked by the progressive shift to savings by the various enterprises for the accumulation of capital.

It is expected that from this accumulation of savings will come a strengthening of capacity for financial mobilization to cover development needs.

Resources earmarked for the period 1980-1984, and which will amount to 400 billion dinars, will come, for the most part, from petroleum taxes (about 60 percent) and from ordinary taxes (38 percent).

After meeting the current expenses of the state, as well as subsidies to certain activities which have structural deficits, the state budget will have an overall surplus for the period of around 200 billion dinars.

This budgetary savings will serve, as a matter of priority, for the financing of investments in equipment for local administrations and bodies, amounting to 160 billion dinars under present conditions of management of investments.

On the other hand the financing of productive investments requires the mobilization of the considerable possibilities for savings both in socialist enterprises as well as in homes and private enterprises.

The projected evolution of consumption by individual households will provide potential savings of more than 15 billion dinars during the period (see Table 2). [At end of article].

The regional balance is seen by the plan in a long-term perspective, covering a period in which fundamental, structural changes will be carried out in the division of activities and of labor.

In the view of the planners the latter is contained in essence in the balances mentioned above. In this connection we underline the integration of concerns over the most urgent tasks of regional development in the sectoral policies during the period of the plan. Parallel to this there will be developed a method of preparation of regional development programs, consisting of the development of a national scheme

for regional development, integrating within it the major lines of economic and social development which are desirable over the long term.

It is in the framework of this scheme for territorial development that future national, regional, and community plans for development will be designed and set in motion.

This overall system will make it possible to avoid partial and insufficiently considered actions which threaten to burden over the long term the effective development of the country.

Decentralization

The 5-year plan, in order to satisfy basic social needs, has set out the task of providing the instruments and of creating the best conditions in order to achieve greater effectiveness in the preparation, consideration, and completion of investment projects.

The process of democratization set forth in the constitution, the guaranty of a realistic and responsible system of planning, must move in tandem with decentralization and involve the participation of all elected representatives and all workers concerned, at whatever level they are found.

The combination of the efforts of all, a result of concerted action and exchanges of points of view, should lead to a more correct appreciation of the problems and a greater sense of responsibility.

The principle of democratization once affirmed, it will then be necessary to prepare institutions and men to fill the role turned over to them in this planning system. This presupposes an enhanced sensitivity on the part of party members and of all those active in the economy, who should take notice of the eminently political aspect of development programs.

Democratization must be accompanied, at the same time, by a true sense of decentralization which, as the constitution underlines, "rests above all on the masses of the people, on their creative genius which can only be shown in action and in the exercise of their responsibilities."

In spite of the existence of instruments and an institutional framework guaranteeing decentralization (communal and regional codes, socialist management of business, charter of the agrarian revolution, constitution, etc) the plan still has a strongly centralized aspect.

Decentralization must eliminate administrative obstacles to provide real content to the participation of decentralized bodies in decisions and solutions of their problems.

It must be thought of as an indispensable framework for the democr[illegible]ctioning of institutions at the regional level and must be presented by the pla[illegible]s a fundamental tool for the broadening of the human base, of development, of the clarification of functions and powers, and of the decisive strengthening of autonomy of management.

This decentralization takes concrete form in the plans of regional and communal enterprises which constitute instruments for encompassing the activities and the organization of relations between the different structures at all levels. These plans must be prepared in the framework of directions defined by the 5-year plan and must reflect at the same time the concerns of national planning and those of the decentralized echelon which is responsible for their execution.

Also, and to develop the decentralization aspect, it will be necessary to increase the efforts undertaken to apply the fundamental laws guaranteeing it, and also guaranteeing democratic institutions.

The constitution emphasizes: "As basic planning cells the regions [wilayas] and the communes contribute equally to the preparation and application of the strategy of development. Further, decentralization permits local bodies to serve as support for the spreading of development, particularly in the framework of the policy of regional balance."

This regional balance must be seen through the policy of regional development, which is one of the conditions for the application of planning.

The situation in this area is characterized by a concentration of the population in the coastal strip of the northern part of the country, having as its corollary:

--Anarchic development of the large cities

--A more and more substantial rural exodus and the corresponding emptying of the countryside

--A lowering in the value of agricultural work.

The establishment of new activities in the northern part of the country has still further aggravated existing distortions, seizing the largest part of the economic and social structures and the majority of the qualified human potential. This tendency has been accentuated by the existence of jobs which are better paid than those in the agricultural area. The rural exodus has thus been intensified by the insufficient value placed on agricultural resources and the limited establishment of non-agricultural activities in the rural zones.

Special programs and communal development plans have certainly had positive effects in terms of social and collective equipment. However, the absence of an integrated vision of long-term development in the disadvantaged regions, the insufficient control of their potential, the lack of qualified personnel at the local level have not permitted the development of a continuous and effective policy of permanent and lasting development of these regions.

This is why a policy of long-term regional development must take into account notably the protection and rational exploitation of all of the natural potentialities, the regional balances, the judicious use of space, a healthy distribution of the population throughout the country, halting the rural exodus, placing into effect of an urban structure adequate throughout the country, the preservation and proper valuation of agricultural lands, the safeguarding of natural features, and the protection of the environment.

The Settling of the High Plateaus

The strategy concerning the policy of territorial development, a strategy defined by the constitution and kept in mind by the planners, should be applied on three main lines:

--A better distribution of the population

--A reduction in differences of income between the various regions which are now in the order of one to four

--Undertaking activities which concern all regions of the country.

The policy of regional development presented in the plan is based on the option of development of the high plateaus.

This basic policy, around which all the elements of the policy of regional development are to be arranged, will take into consideration:

--Potential for water

--The need for development of agriculture in the high plateaus

--The creation of the most favorable conditions for urbanization.

This program will permit the reception in the high plateaus over the next 15 years of 1.5 to 2 million people, spread out in new cities or in existing centers which will be further developed. The increase in the urban population should be near 20 percent per year, instead of 5.7 percent, as at present. Regarding the division of jobs, the eight regions of the high plateaus should account for more than 20 percent in 1990, compared to 12.9 percent in 1978, which will require knowledge and exploitation of all of the water potential of the region.

At the same time real, decentralized planning structures will be created in order to permit formulating integrated, regional development projects. In this category the extraordinary congress of the party recommends:

--The detailed study and the beginning of implementation in the 5-year plan of all the implications of the high plateau option in terms of training, infrastructure, centers for the reception of new residents, and new kinds of activity

--The initiation of programs of investment appropriate to the disadvantaged areas, principally the mountain zones with a heavy density of population

--The undertaking of systematic development activity in the regions of the south and of the extreme south of the country

The effectiveness of the system of planning equally requires, beyond the organization of the economy, a strengthening of the system of planning itself and of the relationships between the sectors of the economy.

This strengthening process will have as its base the communal and regional development plans and the plans of enterprises, whose contents and objectives will reflect the general proportions of balance of the economy.

They must be the instruments of adaptation of the development programs to concrete local conditions and of integration and coherence in terms of all of the economic and social activities at the regional and national levels.

The effective participation of the workers in the conduct of the programs of investment, of production, and of sales, as well as in terms of the social, economic, and financial results, must be reflected through plans of the various enterprises, in the interest of better performance of the productive apparatus and of labor productivity.

These plans which call, therefore, for united consideration must be guaranteed by continuing mechanisms of adjustment in the functioning of the economy. These adjustments will take place in the framework of the annual plans and will have for their objectives the maintenance, throughout the implementation of the plan, of discipline in the order of priorities and the general coherence of the objectives which have been approved. The annual plan at the national level must, for the year involved, assure an adequate relationship between human and material means and the objectives. It must also assure implementation of the plan. It must equally set forth the conditions of organization and of functioning of the economy and provide for placing them in effect. In that sense it constitutes the keystone in the strengthening of planning and the best means of control for the achievement of the objectives decided on.

The planning system should also be reinforced by the recasting of the financial apparatus to adapt it to the functioning of the economy, in the framework of the objectives of the plan.

This planning apparatus, which must play a decisive role in the operation of our economy, does not yet constitute the privileged instrument of this policy. It should play a preponderant role in the organization of the economy and in the restructuring of enterprises.

Financial planning presupposes a basic, structural reform of the financial apparatus, which will tend towards:

--Harmonization between financial functioning and that of the planning process

--Improved functioning of the management of enterprises in the public sector

--More effective mobilization of savings

--A permanent struggle against inflationary tensions.

Finally, account will also be taken of the strengthening of the planning system and of the existence of the private sector, which must be integrated into the planning process.

There is also the matter of determining the place and the role of the private sector in the economy of our country, of organizing and encompassing the evolution of

interventions in the private sector and of integrating them into the framework of the general planning of the economy.

The contribution of the private sector must be organized in such a way that it will participate in the expansion of national resources. However, it must in no way have an influence on decisions of economic policy by creating, for example, monopoly situations and must not place in question the basic orientations of the plan.

The private sector should play a complementary role to the basic action of the public sector.

The instruments of fiscal policy, of prices, and of credit will be used to eliminate unjustified profits, the accumulation of speculative rents, and to prevent a concentration of capital.

Table 1: Evolution of the Gross Domestic Product and the Structure in Constant Prices of the Base Year

	1979		1984		Average Annual Growth Rate
	Billions Of Dinar	Structure In Percent	Billions Of Dinar	Structure In Percent	In Percent
Agriculture	7.5	6.7	9.1	5.5	4.0
Hydrocarbons	36.0	32.3	45.0	27.2	4.6
Processing Industry	14.0	12.6	25.0	15.1	12.3
Other Industries	1.8	1.6	3.3	2.0	12.9
Construction, Public Works	10.0	9.0	16.3	9.9	10.3
Petroleum Public Works	5.2	4.6	7.4	4.5	7.3
TOTAL:	102.0	91.5	151.4	91.5	8.2
Import Taxes And Fees	9.5	8.5	14.0	8.5	8.1
Gross Domestic Product	111.5	100.0	165.4	100.0	8.2
Material Production Outside of Hydrocarbons	38.5	34.5	61.1	36.9	9.7

Table 2: General Program for Investments, 1980-1984 in Trillions (10^9) Of Dinar

	Programs			Authorization of Expenditures	
	R A R	New Programs	Total	1980-1984	Subsequent Years
Industry	79.5	132.2	211.7	154.5	57.2
(Of Which Hydrocarbons)	28.4	49.2	77.7	63.0	14.7
Agriculture	17.8	41.6	59.4	47.1	12.3
Forests	0.7	3.3	4.0	3.2	0.8
Agriculture	6.0	17.9	23.9	20.0	3.9
Hydraulic Works	10.9	19.1	30.0	23.0	7.0
Fisheries	0.2	1.3	1.5	0.9	0.6
Transport	2.4	13.4	15.8	13.0	2.8
Economic Infrastructure	19.9	36.2	56.1	37.9	18.2
Communications (without railroads)	6.8	12.5	19.3	12.5	6.8
Railway Construction	11.8	7.1	8.9	5.0	3.9
Telecommunications	1.8	6.2	8.0	6.0	2.0
Stockage-Distribution	8.8	9.0	17.8	13.0	4.8
Industrial Zones	0.7	1.4	2.1	1.4	0.7
Housing	34.5	58.0	92.5	60.0	32.5
Education and Training	30.3	35.4	65.7	42.2	23.5
Social Infrastructure	6.7	14.3	21.0	16.3	4.7
(Of Which Health)	3.6	6.2	9.8	7.0	2.8
Collective Equipment	2.4	10.9	13.3	9.6	3.7
Construction Enterprises	3.4	21.6	25.0	20.0	5.0
TOTAL:	196.9	363.6	560.5	400.6	159.9

5170
CSO: 4400

INTERMINISTERIAL COMMITTEE SET UP TO DEFINE NUCLEAR ENERGY POLICY

Algiers EL MOUDJAHID in French 1 Nov 80 p 5

[Report by Ach. C.]

[Text] The Interministerial Committee on Nuclear Energy and Other Alternative Forms of Energy was installed Wednesday afternoon by Abdelhak Bererhi, member of the Central Committee and minister of higher education and scientific research, in the course of a meeting held at the CSTN [Center for Research on Nuclear Technologies].

In his introductory speech the minister, before defining the precise mission of this committee, found it necessary to place it in the general context in which the complex question of nuclear energy must fit. He first recalled that the Central Committee, during its second session, put the energy problem in terms of "preservation of our resources" over the long term. This indispensable preservation of our resources is still subordinate to our development.

The government, he added, has decided upon the creation of this committee, but that decision must be understood in its overall context. It thus cannot be dissociated from the work being done by the party's economic commission. The general orientation of an energy policy draws its inspiration both from the national constitution and from the political decisions emanating from the party.

Still within the framework of this reflection, the minister added, the question of nuclear energy is rather complex. A policy on the matter of nuclear energy has necessarily to take account of a number of parameters, including the national sovereignty and national defense, the link with our development, geopolitics, and the safety and protection of the population. In installing a nuclear power plant, he said, it is necessary to take several criteria into consideration. The national constitution will give us the broad orientation for working out an integrated method and long-term planning. The minister, by way of illustration, cited a certain number of questions relating to the development of nuclear research in this country.

The interministerial committee's mission will consist essentially in doing a basic study, in working out "a sort of memorandum" on the question of nuclear energy and alternative forms of energy. Aside from the fact that its tasks will include evaluating our uranium resources and other nuclear resources, it is entrusted with evolving a certain number of proposals: the technical choices, the training

systems, and the production centers. It must also work out a nuclear foreign policy that takes account of our basic choices.

From a methodological point of view, sectoral groups have been constituted. These groups are seven in number. They have the following assignments:

1) Conservation of energy;
2) Nuclear raw materials;
3) Nuclear technology, research, and development;
4) Human resources and planning;
5) Broad outlines of international policy;
6) Radiation protection and regulation; and
7) Lastly, questions of technology, research, and development on solar energy, wind power, and geothermal power.

At the same time, at the organizational level, it has been decided to install a permanent secretariat of the committee, which would be entrusted essentially with maintaining the documentation concerning the field in question. The seven groups that have been set up will begin work this week. They will have a coordination meeting on 8 November.

Let us note, lastly, that this first meeting, which will include representatives of several ministries, will be steadily enlarged as the work of the seven separate groups advances.

5588
CSO: 5100

CRITICISM OF EGYPT IN CONNECTION WITH JOINT U.S.-EGYPTIAN MANEUVERS

Amman AL-DUSTUR in Arabic 13 Nov 80 pp 1, 19

[Text] For the second time in recent months, American troops have been pouring into Egypt to conduct joint maneuvers with Egyptian troops to increase their level of effectiveness for a possible "quick intervention in the Middle East".

In order for the Egyptian Government to justify the violation of Egyptian sovereignty and the breach of its neutrality by hosting these troops (even though it still holds a membership card in the non-aligned nations club!), alarm signals have been fired through many media sources warning of imminent Soviet danger to sweep the Arab world. It proclaimed--with an unexplained and ill-timed pride--that Egypt is ready to send its troops to battle in defense of any Arab country threatened by Soviet danger.

It appears that Cairo sees politics with one-eye. It only sees the evil that threatens the Arab world as coming from the Soviet Union. The Israeli threat to the East Bank, for example, is without context in the Egyptian leadership's mind. Hasn't President Sadat once said: "There is no war after today!"

The presence of American troops on Egyptian soil is a great (honor) which does not devalue the Egyptian sovereignty and does not present any danger, in itself, to the security of the Arab world; it invites the Soviets to "maneuver" somewhere else in response to President Sadat's maneuverings.

We wonder at this crooked logic with which Cairo justifies the fall of Egypt as a prey to foreign alliances--these alliances which President Nasser and other free army officers, among whom Sadat himself was once, had fought. It surprises us that Cairo does not see that the following of this great country are all made from one material and that foreign occupation to any country devalues that country's independence without regard to the nationality of the occupying power, or to the color of the flag it hoists, not even if the bringing of American experts had succeeded in the exclusion of Soviet experts.

We do not mean anything by this article, not even do we expect any changes in the policy of alignment which the Egyptian president has planned for his government. But we only submit it to confirm the justifications of alignment policies which the Egyptian Government conduct naively and which the Egyptian people do not seem to absorb. The Egyptians--who do not lack the mood for humor--have already begun weaving strong-worded jokes about the "joint maneuvers" between Cairo, Washington. . . and Tel Aviv.

9770
CSO: 4802

MEDIA REACTION TO QOTBZADEH ARREST CRITICIZED

Wartime Unity Urged

Tehran ETTELA'AT in Persian 12 Nov 80 p 2

[Text] It was learned yesterday morning through contact with a spokesman at Evin prison that Sadeq Qotbzadeh has been freed. Qotbzadeh, a former Channel Two official, who, along with an Islamic apologist, told lies and started rumors in a television interview, was arrested by order of the Revolutionary Prosecutor. The Islamic apologist, the arrest of whom was ordered on the same charge, as of now has not presented himself to the Public Prosecutor since the order for his arrest became known, and officials of the Public Prosecutor's office have not been willing to arrest him. Under these circumstances, Qotbzadeh, who had been detained for 48 hours, was released from Evin prison on bail at 10 p.m. the night before last. During the past few days the news of Qotbzadeh's arrest, like all Iran's internal affairs, served as a pretext for media hirelings and propaganda imperialists to spread poison against the Islamic Republic. These media have tried, despite the fact that in the Islamic Republic there is absolutely no favoritism shown among criminals and accused persons, whether they be the country's top officials or ordinary people, to create an atmosphere of confusion and anomie with the issue of Qotbzadeh's arrest. The futile idea of theirs also came to nothing. At the same time some persons and domestic media have tried and continue to try to make Qotbzadeh's arrest, which was carried out because of an accusation within the Islamic Republic, into the equivalent of an extraordinary and acute problem. Along with the various expressions of opinion and writings that have been produced in connection with this, Qotbzadeh's release made the front page headlines yesterday morning in one of the newspapers at a time when we are being invaded by Iraq! It is interesting how they dwell on superficialities at the expense of the essence of the matter. Knowingly or unknowingly, they always generate fodder for the foreign press. Their fervor exceeds that of the litigants in the case itself, and they will no doubt voice a hundred regrets when this issue is no longer available to them.

Mr Qotbzadeh himself said after being released on bail from prison: "I was not in favor of the broadcast of this interview until after the end of the war," while the leaders of the freedom movement and their newspapers consider Qotbzadeh's detention one of the wonders of the times!

In our view, without taking sides with this or that group and also keeping in mind that natural individual rights in the Islamic Republic are a top priority issue of the utmost importance that must be taken into consideration, Qotbzadeh's arrest was

not done without reason or proof, and even in the event that this act (Qotbzadeh's arrest) had been an act of ignorance and negligence, which it was not, the manner of dealing with this employed by the media and certain other persons, and their views on the subject, were neither correct nor in the interests of the Islamic Republic. The fundamental question is, why don't we talk about the basics when we deal with political questions? Why don't we ask ourselves whether it is right, under wartime conditions, even assuming all the subject matter is accurate, to put on such interviews? Perhaps, however, within the first few days after the war, that which had promised greater and greater unity, solidarity and smoothness among the contending forces will be used by many writers, participants and speakers to promote disunity, and may our God protect us from this great evil.

In opposition to the Islamic Revolution, which, after the war, and especially with the support of brothers in the army and the Revolutionary Guards, overwhelmed the infidels to bring on their defeat and in which Iran's brave combative rifles were actually able to turn the contents of the Western mass media to the advantage of the Islamic Republic within one week after the war, plots originating abroad have now begun through the use of deception and trickery, and in wartime conditions. These media want to make the most of our internal differences and problems in order to discredit the Islamic Republic through the spread of such propaganda. We ask, in the midst of this:

1. Is it not better that we avoid dissent by adhering persistently to the principles and laws the Imam of the community has spelled out time after time?

2. Is it not desirable, even with the existence of different positions and various methods, that we establish a foundation of unity and non-dissent in order to uphold the Imam's line based on the way of the Imam himself, and not insist on proving the bird has only one leg?

3. Do wartime conditions permit that internal problems, and especially differences of opinion, become the focal point of discussions, talks, and writing, and that we fight among ourselves?

4. Do not wartime conditions demand that we follow on the path for which the Moslem nation of Iran has suffered thousands of martyrs, and maimed and wounded people?

Under these conditions, isn't it the greatest of sins to weaken the Majles, weaken the army, weaken the Islamic Revolutionary Guards, weaken the government, and weaken the revolutionary prosecutors and courts?

And peace be upon you.

Chief Prosecutor Comments

Tehran ETTELA'AT in Persian 15 Nov 80 p 2

[Text] Ayatollah Qodusi, Chief Prosecutor of the Islamic Revolutionary Courts of Iran, announced during a talk that Sadeq Qotbzadeh has been released on bail.

Ayatollah Qodusi said:

These days various waves have emerged in society. I have had the desire myself to provide the people with detailed information on events, because many people have phoned me since that television interview (debate) asking me to illuminate the issue more clearly and to provide more explanation.

I even wanted to read in a press conference verbatim for the people some of the things in Mr Qotbzadeh's file, which contains charges and defenses that were taken after a very brief investigation, and which he signed.

One must, however, consider the counsel of the Great Imam of the nation, the shadow of God on earth, and also this point, to which I am sensitive now, that this problem the newspapers are making and the issues they are creating are not that simple, and, as the saying goes, "this corpse hardly merits such wailing."

There are individuals coming to the fore who want to introduce an atmosphere of confusion into the situation. I myself prefer not to get into this at all, because of the task I have taken on, and because of my revolutionary responsibility to maintain silence at certain times, to say the appropriate thing, and to speak only in certain places. I prefer to treat this as a closed matter for now.

Sadeq Qotbzadeh is now free on bail. His file is open and it has not been closed. God willing, if this wartime situation settles down a little bit and conditions are such that the anxiety I feel now subsides, I will be able to explain the issues more clearly to the people.

I must say briefly, however, that if, God forbid, we are correct in our feeling that it is the aim of some individuals to weaken the apparatus of the judicial powers, especially the Revolutionary Courts, upon which the Imam of the nation and the shadow of God on earth relies heavily, they must know we will not tolerate this, and following their attack we will pursue this issue to the extent of our responsibility to the Shari'ah and Islam. Personalities will not be able to interfere with this.

9310
CSO: 4906

SYRIAN PAPER CLAIMS IRAQI ATTACK WAS ENGINEERED BY U.S.

Tehran ETTELA'AT in Persian 13 Nov 80 p 2

[Text] The newspaper TISHRIN, printed in Damascus, has disclosed in its last issue documents that show how the Great Satan, with the help of satanic deception and devious methods, tries to bring [illegible]ation to its knees that has risen up in revolt against infidelity, atheism, and idolatry in order to remove the thorns from its Islamic way of life, and to throw stones and erect obstacles in its path of struggle against faithlessness, and it even incites corrupt, inhuman agents such as Saddam Takriti like highway robbers against the forthright advance of the hopes of a newly arisen nation, in order to plunder its heritage and the gains of its revolution. Just as we see, they have imposed an unwanted war on Iran so that weapons that ought to be aimed at the breasts of the common enemies of Islam are now aimed at the hearts of thousands of innocent Moslems in Khorramshahr, Abadan, and other persecuted residents Moslems of the border areas of our country. The newspaper TISHRIN, in connection with the corrupt Baghdad regime's intrusion into Iran, printed a photocopy of this shameful document, which was prepared by the former American embassy in Tehran, the American Defense Department, and American spy organization (CIA), and which received Carter's approval after a review.

Before we undertake to comment on this document, we should discuss its contents so the truth will be clear to the Arab nations, the nations of the world, and especially the Islamic community of Iran, concerning the power that ordered the Baghdad regime to suddenly make the Islamic revolution of Iran the object of a severe attack and the target of its heaviest weapons. In this document, which was stamped several times with the terms

"Extremely Confidential," "Top Secret," and "Extremely Sensitive and Urgent" and was issued between June 22 and July 23 [the month of Tir] at the American spy nest in Tehran in answer to a confidential letter from the political detachment of the American State Department (dated May 1979), equivalent to the month of Khordad 1358, extremely important issues were raised which revealed the true colors of the criminal Baghdad government. For example, it was stated in this document that the Pentagon and the CIA had studied the views of Washington political observers, the doomed Shah, who had not yet gone to Hell, and also the conspiratorial views of Shapur Bakhtiar, and that the views of the Shah, which indeed were in harmony

with those of Washington political experts, the CIA and the American Department of Defense, were set to be implemented in the CIA and the Pentagon's plan of action, for as previous studies had shown, it was now necessary, in order to destroy Ayatollah Khomeyni's revolution, to make use of previously studied plans, meaning the incitement of tribal leaders, the arousal of nationalistic and minority sentiment, giving aid to every kind of movement or political organization on the right or the left inside Iran, and, most importantly, fanning the fires of contention and war between Iran and neighboring countries with whom it has border disputes. Of course, in some areas inside the country conditions have become ripe for disturbances and insecurity to a certain extent. If the other plans (which, of course, were not mentioned in the document) to be implemented along with the domestic conflicts succeed, there will be no need to carry out the final stage, which is the very incitement of war between Iran and its neighbors. If these plans fail, however, there will be no choice but to implement the final plan according to decisions already made.

Radio Damascus then broadcast part of TISHRIN's analysis of this, saying: Every nation in the region knows that after the victory of the Islamic revolution in Iran domestic conspiracies began, and Iraq did not neglect to supply arms, material assistance and moral support, and even to establish military training camps for SAVAK personnel and others who had fled Iran. All these plans failed, however. Accordingly, it was time for the contingency plans, which, as we saw, were carried out as stated in the document. One was the American military attack. Another was the military coup d'etat plan, with which, praise God, the plotters of the Pentagon, the CIA, and at the head of them all, Carter, fell flat on their faces.

According to plan arrangements identified in the document, American Imperialism's last effort to destroy the Islamic revolution of Iran is the incitement of war between Iran and neighboring countries. People everywhere in the world know better than the nations of this region that only the corrupt Baghdad rigime is capable of fanning the flames of such strife. You saw how they started the war without warning according to the order of their bosses, and before this war, how they erected a transmitter for the traitor Shapour Bakhtiar and built another radio station with a powerful transmitter for exiled coup d'etat plotters and SAVAK agents agents of the infernal shah on Iraqi soil in order to serve in every possible way the evil plots of world imperialists under America's leadership.

Radio Damscus added: At the conclusion of TISHRIN's comprehensive analysis it was said: Who knows, perhaps other documents such as this exist that spell out roles for Saddam Takriti to play through which he will nullify the Arab and the Palestinian nation's just struggle of many years' duration, and which have ordered him to discredit the sacred hopes of the Arabs and to do something so that Zionist Israel will have a good opportunity to carry out all its infamous plots against the Islamic nation, the Arab nation, and the nation of Palestine. This, after all, is the same Saddam who, with his treacherous war against Iran, has proclaimed that the causes of Arabism, the struggle for freedom in occupied Arab lands, and thousands of other causes, were definitely subject to the approval of Washington political circles all along, in order by so doing to separate the Arab nation from the truth of its struggle. You must remember that Radio Damascus broadcast this very analysis in Arabic only yesterday, 12 Nov 1980.

9310
CSO: 4906

CURRENCY TO BE PRINTED IN IRAN NEXT YEAR

Tehran KEYHAN in Persian 8 Oct 80 p 6

[Article by MOHAMMAD-REZA YUSEFI: Currency to be printed in Iran next year.]

[Text] Each year about 1/3 of the worn out paper money in circulation is destroyed while the average lifetime of new paper money is three and one-half years.

In general, when a new paper money is placed in circulation it transfers from one hand to another hundreds of times which is blamed as a determining factor in transferring contagious diseases. If these paper money are not removed from circulation they do more harm than good. For this reason, the Central Bank of Iran, after the elapse of a specific period of time, collects and disposes of paper money and replaces them with new ones.

After the revolution, large numbers of new paper money replaced the old ones. First 1000-tuman, 500-tuman and 2-tuman bills and presently 20-tuman bills, 1-rial and 10-shahi coins are being collected thereby putting paper money printed by the former regime out of circulation, replacing them with new ones. In addition, the government incurs a high expense in replacing the old and damaged paper money.

Therefore, if people take better care of the paper money, they will last much longer and as a result the aforesaid expenses will be reduced.

Worn Out Paper Money Burned In Kiln

Subject to special procedure, the worn out paper money and those of the former regime are being collected and sent to kilns to be burned. In order to prevent the high cost of printing abroad which also requires sending abroad our currency, the Central Bank of Iran is attempting to put a paper money printing-shop into operation as soon as possible. By virtue of such an operation, not only will our dependence on foreign service be cut, but our cost will also be reduced.

How Paper Money Goes Out Of Circulation

Once paper money is collected, it will be sent to the Supervisory Board on Paper Money Reserves for a so-called takeover program. This board is composed of two members of the parliament (Majles), the Attorney-General or his assistant, the Treasurer General, Chairman of the Accounts Department, and the Governor of the

Central Bank. This board checks the collected paper money and contrasts it with the Central Bank's books. Once this procedure is properly followed, then the collected notes will be destroyed.

Regarding the printing of paper money, an informed source at the Central Bank stated that in the past such printing was done by complicated machines exclusively available to western countries only. However, establishing currency printing press came to the attention of Iranian officials several years ago. Preliminary steps were taken in the past, but after the revolution high priority was given by the Central Bank to resume and complete the project. Efforts were made to finish the building construction and to provide equipment not previously furnished, so that a currency printing enterprise could be started as soon as possible. Because of the overall coordination in constructing the building, providing the facilities and reinforcing expert personnel, it is hoped that currency printing will be started by the end of 1981.

An economic expert in a discussion concerning presently circulated coins stated that by putting more small currencies into circulation, the value of such currencies will go up. At the same time, this will help to stabilize prices. On the other hand, small currency, although having lesser economic value, is more productive and will even be useful in anti-inflation and price stabilization programs. Of course, propriety of this theory depends on the existence of sound economic conditions. Unfortunately, since our country is still struggling for economic independence and while we are still influenced by the inflationary effects of importation, this view cannot be considered valid. At the present time more than one billion coins valued at 8 billion rials, based on data of the Central Bank of Iran, are in circulation. Stated differently, each person may possess 60 coins valued at 250 rials and based on our economic and monetary production, this amount is satisfactory and adequate. However, in spite of that, a shortage of small currency can be felt. Most financial and monetary experts believe that the most adequate method of dealing with this problem, which is most detrimental to the consumers than to the producers, is to put into circulation more small currency. By the end of August 1980, about 1.8 billion coins including 1-rial, 2-rial, 5-rial, 10-rial and 20-rial coins, with a total value of 8 billion rials have been placed at the disposal of the people.

Problems Involved In Taking Money Out Of Circulation

Mr Kashan, the director of the currency issuance unit at the Central Bank of Iran, discussing problems of collecting currency presently in circulation, said that our first difficulty was to keep the people informed of our purpose and this was accomplished with the cooperation of the people and the exhaustive efforts of the nation's banking network. Among other problems, one which has caused public inconvenience, is that the old currency possessed by the people has been rendered valueless.

9721
CSO: 4906

NEW MINISTRY OF MINES AND METALLURGY TO BE CREATED

Teheran KEYHAN in Persian 7 Oct 80 p 9

[Interview with Minister of Industries and Mines Engineer Nehmatzadeh by KEYHAN's economic correspondent, 6 Oct 80, place not given]

[Text] Minister of Industries and Mines, Engineer Nehmatzadeh, in a press interview held yesterday afternoon, announced that in the new government, the ministry of industries and mines would be divided up into two ministries, one, ministry of mines and metallurgy and the other, the ministry of industries. According to the report provided by the KEYHAN's economic correspondent, Nehmatzadeh, the Minister of Industries and Mines, said at the beginning of his interview, that in the past, industrialization of the country meant dividing of the oil revenues among a few hundred families and creating banks through which investment could be made. The type of industry sought was not what the society needed and was characterized as an assemblage industry.

Nehmatzadeh said that after nationalization of the industries, it was revealed that industries and factories owed to banks and others, more than their total values. After being nationalized, executive officers were appointed to direct them and this enhanced the amount of work in the ministry of industries and mines. In contrast with the past when the ministry performed staff work, it actually became involved in executive work which resulted in disorder due to lack of prior readiness.

He said that in the past year and a half, the management of these industrial units were determined but because of the existence of some problems on the national level, no opportunity for planning was available. Since our goal is to reach independence and self-sufficiency, we must consider political and social, and economic aspects of industries and their principle role in the economic section. We cannot obtain a complete independence unless we become independent in the fields of production and industries.

He said that if we want to move toward independence, we must replace the nation's only source of income obtained from the oil industry with a different source, i.e., the production sector which consists of agriculture and industries.

He also said that in the agricultural sector much work has been accomplished so far, but due to the geographical location and the climatic and other conditions of

the country, we are confronted with limited options, that is we are unable to substitute our oil revenues with income from agricultural production, and therefore the only substituting source is the industry and industrial production.

Nehatzadeh, in continuing his speech, said that our agricultural sector is not capable of absorbing all the manpower available in our industrial sector, and more than 50% of our manpower has already been employed in the agricultural sector. Therefore the possibility of absorption of manpower existing in the section of industries and factories is not available in the agricultural sector.

Nehatzadeh then referred to the war between Iraq and Iran and said this war brings about economic benefits to the country and we regard this war as a great gift because most countries in the world owe their economic advancement to war.

The minister, discussing the subject of ownership, said that this issue is a major problem impeding our operations and that we hope that parliament would soon approve the bill which has already been presented in that connection.

Nehatzadeh said that the government is interested in people allocating their capital to the production sections. The ministry of industries and mines is committed to creating industries to replace current oil revenues.

In closing his speech, Nehatzadeh said that our major industrial plan in the future is to rely on simple industries capable of being transferred to rural areas, and hence create intermediate industries which would be self-sufficient for usage in the assemblage industries.

In addition, the new government has divided the ministry of industry and mines into two sections because of an excessive volume of work. Thus, mines and metallurgy was separated from the former ministry of industries and mines and a new ministry called the ministry of mines and metallurgy was created. Metallurgy includes industries which convert ores into metals and other materials needed for consumption by other industries. After these stages in which materials are converted into manufactured goods, [we reach] the production stage, connected with the ministry of industries, which still has yet to obtain the approval of the parliament.

9721
CSO: 4906

PRESIDENT DISCUSSES ARABO-AFRICAN COOPERATION, SAHARA

Niamey SAHEL HEBDO in French 3 Nov 80 p 21

[Interview with Colonel Ould Haidallah, president of Mauritania, by I. M. Tantun after closing of CEAO summit: "Peace in the Sahara Is Not Progressing As We Would Have Wished"; date and place not given]

[Text] [Question] Mr President, what is the political and economic situation of Mauritania after its withdrawal from the Saharan conflict?

[Answer] You know that Mauritania belongs to that group of the countries of the sahel which has been particularly hard-hit by the last 12 years of prolonged drought. On the other hand Mauritania, like most of the independent African nations, has not escaped the misdeeds of bad management. Add to all that 3 years of Saharan war. But in spite of this especially difficult situation, we think that we are not the most unfortunate people in Africa, and our situation calls rather for optimism in the future.

[Question] Your country, Mr President, belongs to a number of subregional organizations in West Africa. What is the motivation for this and what do you expect to gain from it?

[Answer] Mauritania's membership in a number of subregional organizations proves its will to play its role fully in the political as well as economic struggle in which our continent is engaged.

Like Niger, Mauritania occupies a key position between the Arabic Mahgreb and Black Africa. This position confers upon us special responsibilities towards the African and Arab peoples. We think that we must be there where the interests of these peoples require us to be.

In the regional organizations we find the perfect opportunity favorable to cooperation, first between the member countries, and thus we find an opportunity for the acceleration of that economic integration that we are seeking in our African continent.

[Question] Mr President, what estimation do you make of Arabo-African cooperation?

[Answer] Mauritania is really militating for Arabo-African cooperation. I admit to you that unfortunately we are finding that this cooperation is running into some difficulties, difficulties arising first from certain countries, certain

powers, which know very well what will happen and which see their interests injured by this cooperation, and there are also difficulties arising from a conjunctural situation between Arab and African countries. But some examples on the bilateral level, some encouraging examples of cooperation exist between these countries, and that gives us hope in the future for Arabo-African cooperation.

[Question] What do you think, Mr President, of the North-South dialogue and what do you think must be done for the real institution of a new, more just world economic order?

[Answer] We think that the failure of this dialogue must not push us to break off relations. We think that the dialogue must continue. But the egotism that we have seen among the rich countries must incite us, the underdeveloped countries, to more organization, more control and more management of our own resources.

[Question] What estimation do you make, Mr President, of the situation in the Western Sahara and what do you advocate to put an end to the conflict?

[Answer] You know that we withdrew from the Saharan war as of August 1979, and that since then we adopt a position of neutrality in this conflict. But I admit that we see that peace in the Maghreb is not progressing as we would have wished. We especially noticed, during the last meeting of the Ad Hoc committee of the OAU [Organization of African Unity] in Freetown a certain blocking of the negotiated solution, especially on the part of our Moroccan brothers.

But we really think that this is only a temporary situation, because the armed solution does not suit anyone. Only the narrow-minded become definitively entrenched in such a position. Moreover, His Majesty King Hassan II is a great man of our century. And I am sure that he will find a solution to this conflict.

9508
CSO: 4400

EDITORIAL BY ABDELKADER BENABDALLAH ON U.S. HOSTAGES IN TEHERAN

Rabat L'OPINION in French 25 Nov 80 pp 1-2

[Editorial by Abdelkader Benabdallah: "The Case of the U.S. Hostages in Teheran: A Cynical Manipulation"]

[Text] The case of the hostages at the U.S. Embassy in Teheran is indeed a curious and obscure story. Incredible and unique in contemporary diplomatic history, it has given rise to reactions which, within a year, have ranged from surprise and revolt to doubt and skepticism. And today, just as at the time when the trial of President Kennedy's murderer was ending, a veritable deluge of questions is being raised as the world is watching the denouement.

Why were hostages taken? What were the real reasons for it? Who has gained by it? How did it actually happen? Who really did it? Does this action reflect the anti-imperialistic aspirations of the Iranian people, or is it only a fake, a cynical manipulation whose authors are no others than the British and U.S. services and their Iranian agents, the "Muslim brothers"?

Until now, we know of only two interpretations of the facts surrounding this case.

The first one is known of everybody; it has been abundantly publicized by the western media. According to it, the hostage taking at the U.S. Embassy in Teheran is only an unusual crisis brought about by a handful of uncontrolled Muslim students who wanted to force the United States Government to extradite the shah and restitute all of his assets to Iran. However, the proponents of this thesis were to recognize later on that this crisis came in handy for Carter as well as for Khomeyni, considering the policies of their respective countries.

Thanks to this crisis, President Carter, whose popularity had reached an all-time low (failure of the Camp David agreements, departure of the Americans from Iran, etc.) was able to improve his score and, on several occasions, to restore unity around his person. For his part, Khomeyni, who at the time was battling Iranian progressist tendencies and the various national minorities, saw in this hostage-taking a sort of miracle and did not hesitate to use it to restore Iranian national unity around himself.

According to the second thesis, however, the hostage crisis is nothing but a crude provocation intended to keep an artificial U.S.-Iran crisis going to pave the way for foreign interventions in the rich Persian Gulf area and in all of the Middle-East. There are even some who call it "the put-up job of the Teheran hostages."

A put-up job? Put up by whom? By the Muslim Brotherhood, the proponents of the second thesis affirm. The Muslim brothers, they say, are controlling the new integrist Islamic regime in Iran.

Let us recall that the Muslim Brotherhood is a clandestine and highly structured political and religious organization. It advocates the creation of a nation on a religious basis; this nation would unite all Muslim peoples, just as the Zionist doctrine advocates the creation of a religious Jewish state in Palestine. Its political and religious doctrine is Muslim integrism which is the equivalent of Catholic integrism: beyond a few anti-imperialistic slogans, it is dominated by simplistic anti-communism and anti-progressionism.

Although most of its rank and file militants are absolutely sincere, the Muslim Brotherhood, because of its structure, is a tool which cannot be controlled by the rank and file; as a result, the rank and file are subject to all kinds of manipulations at the hands of invisible officials of whom little is known. In progressist Muslim circles, people will tell you that this political and religious organization is controlled by British and U.S. services and that it is operating in close collaboration with Israeli intelligence.

That does not alter the fact that the Muslim Brotherhood has been banned in almost all Arab countries, and that it is perceived as a reactionary and obscurantist organization in the pay of imperialism. It did attempt to murder Nasser after he had nationalized the Suez Canal, and when the shah's regime was overthrown, it is finally on it that the British and U.S. services relied to channel the Iranian people's movement and empty it of its revolutionary content.

This information on the true leaders of the hostage taking at the U.S. Embassy in Teheran has much contributed to confirm not only the thesis of the "put-up job," but also that of the collusion between the famous "Islamic students" and the British and U.S. services. It has also enabled the proponents of this thesis to state that, in spite of appearances, the hostage taking has been profitable to imperialism.

How can the taking of hostages at the U.S. Embassy in Teheran play into the hands of Anglo-American imperialism? The proponents of the second thesis consider first that the "crisis" should be looked at not as an isolated event but globally, with respect to the domestic policies of both the United States and Iran, as well as in its regional (the Muslim world) and international setting. Their essential arguments to demonstrate that this "crisis" is perfectly in line with the imperialistic Anglo-American strategy are as follows:

Considering first the domestic policies of the United States and Iran: In the United States, Carter wanted to achieve national unity around himself, not only for electoral purposes but mainly because he hoped that U.S. public opinion would accept the idea of a possible U.S. army intervention in Iran and in the whole Persian Gulf oil-producing area. Thanks to the hostage taking, he succeeded beautifully since the draft was even mentioned, for the first time since the end of the Vietnam war. The same thing happened in Iran where the Muslim integrists wanted not only to achieve Iranian unity around themselves, but mainly to bring the Iranian progressists and the various autonomist movements in the country under control. Thanks to the hostage taking, they fulfilled their objective completely and were even able to present themselves as true anti-imperialists.

In the Muslim world and more particularly the Persian Gulf area--the richest oil-producing area in the world--the U.S. Government had long been looking for a reason to justify a possible military intervention. The hostage taking, which they rightfully called a provocation, was the perfect answer. It could make a U.S. intervention easier and justify it for so-called humanitarian reasons involving the rescue of the hostages. In fact, after the hostages had been taken, we have seen the United States make several attempts at an intervention in this area, thus creating serious precedents.

In the Muslim world, where the situation is increasingly explosive, the British and U.S. services are trying not only to short-circuit the genuinely anti-imperialistic tendencies of nascent popular movements by landing on them and discreetly supporting pseudo-revolutionary integrist movements, but also to form and control an Islamic block which they could use as cannon-fodder in their anti-communist crusade in the Third World. However, if their tool--Muslim integrism--is to become operational, it must be given an anti-imperialistic and revolutionary image. The hostage crisis and the publicity it has received have greatly contributed to give the integrist movement more credibility in the eyes of the Muslim masses in revolt.

Internationally, the American Government wanted to improve its position and bring Europe closer to it. The hostage crisis has enabled it to do just that: After standing in the dock (for its complicity with the torturer and corrupt regime of the shah, etc.) it became somehow the victim. This, among other things, enabled it to freeze the huge assets deposited in U.S. banks and which the Muslim integrists, "hostile to U.S. imperialism," were apparently in no hurry to repatriate and place at the disposal of the Iranian people. As for the Europeans, who are very suspicious of U.S. hegemony in the West, they were forced to show some solidarity with the United States, if only for humanitarian reasons in view of the famous hostage crisis.

This crisis, as a whole, has raised many more questions than it has brought answers. The various interpretations of the facts which have surrounded the hostage taking even tend to show that this is a dubious story, to say the least. In such cases, skepticism, reserve and watchfulness constitute an appropriate attitude and are an evidence of that gift, the one shared most equally among all humans: common sense.

HISTORICAL BACKGROUND OF THREE ISLANDS DISPUTE REVIEWED

Paris LE MONDE DIPLOMATIQUE in French Nov 80 p 10

[Article by Jean J.A. Salmon, professor in the Free University of Brussels: "The Conflict on Sovereignty over Abu-Mussa and the Lesser and Greater Tunb Islands"]

[Text] In the conflict pitting it against Iran today, Iraq is demanding return of the islands of Abu-Mussa and Lesser and Greater Tunb to Arab sovereignty. These islands are situated in the gulf that has traditionally been called the "Persian" and which the Arab states have for several years been calling the "Arab" gulf.

The dispute is actually related to an old and complex one that pitted Iran against Great Britain, first of all, as protector of the emirates of the Trucial coast, and against the emirates themselves after they constituted a federation among themselves and acceded to full independence in 1971.

As will be recalled, the United Arab Emirates became independent on 2 December 1971 and were admitted to the United Nations on 9 December 1971. A few days earlier, on 30 November, the Iranian army had invaded and occupied the two Tunb islands, which were in the possession of the emir of Ras-el-Kheyma, and took possession of the island of Abu-Mussa, but in this case, with the agreement of the emir of Sharja.

The main interest that the parties involved may have had in possession of these islets (Abu-Mussa: 800 inhabitants; the Tunb islands: 150) seems never to have gone beyond navigation and some strategic aspects deriving from it in the Strait of Hormuz (60 km wide). In 1971, people were wondering whether the subsoil of Abu-Mussa or the surrounding area contained oil resources also. For the rest, these islands are small; their surface area is no more than 10 km^2.

As in any territorial conflict, it is necessary to seek a starting point agreed to by the parties involved. It is undisputed that until 1887, the islands belonged to the sheikh of Lingah (on the Iranian coast).[1]

While the sheikh of Lingah belonged to the same tribe as those of Ras-al-Kheymah (the Jowasimis), he was nevertheless a vassal of the shah of Iran. In this regard, the very reliable "The Persian Gulf Pilot" (first edition, 1864, and second edition, 1883) mentions that the sheikh of Lingah pays tribute to the Persian government and has authority over the Sirri, Tunb and Abu-Mussa islands in particular.

It has nevertheless been maintained that Lingah administered these islands not as a subject of the Iranian Government but rather as a member of the Jowasimis tribe.

This position, defended by the British Government from 1887 on, is nevertheless controverted by all the official maps of Her Majesty's government and the reports by the India Office residents who had responsibilities in the region. In particular, a map prepared in 1887 by the Intelligence Department sent to Tehran by the British minister on 22 July 1888 on behalf of the queen, for the information of the shah, showed the Sirri, Tunb and Abu-Musa islands in the Iranian colors.

Already in 1836, the queen's political resident had established in the Gulf a "restrictive line" which passed below the islands in question and which the warships of the sheikhs of the Trucial coast were forbidden to cross.

That the sheikhs of Lingah were subject to the Iranian Government and not to the Jowasimis of the Arab coast is attested by the fact that when the British undertook, in 1819, a punitive operation against the Jowasimis of what was then called the "Pirates' coast," the Persian government maintained its protection of the Jowasimis of Lingah and in 1822 obtained from the British Government payment for the damage done to their ships.[3] Furthermore, the sheikh of Lingah did not sign any of the treaties forming the basis of the relations of the sheikhs of the Trucial coast among themselves or with Great Britain (in particular, the general treaty of 1820, the truce treaties of 1835, 1837, 1843 and 1853, and the suppression-of-slavery treaties of 1838, 1839, 1847 and 1856).

The sheikhs of Lingah, appointed as governors by the Persian central government and paying tribute to it, were on several occasions chosen as arbiters in conflicts between those of Ras-al-Kheymah and those of Abu-Dhabi or Dubai, which would not have been possible if the claimed unity between them and the Jowasimis of Ras-al-Kheymah had existed.

On the other hand, examination of the acts of private management on the islands reveals a more confused situation, for private titles are evoked on both one side and the other. Nevertheless, they could not be of such a nature as to injure the territorial limits of a sovereign state.

Since they could not invoke historical titles in favor of the sovereignty of the sheikhs of the Arab coast, the British fell back on a pretence of prescription, which was supposed to have begun in 1887. After that date, in effect, the British, who ensured the "protection" of the emirates, pushed them to carry out acts of sovereignty over the islands, such as planting a flag, or carried out projects themselves, such as the erection of a lighthouse at Tunb in 1912.

For prescription to be invoked, it also has to be peaceful, uninterrupted and undisputed. But Iran has never since 1888 stopped protesting, on many occasions, against the British or Arab occupation of the islands in question. What is more, every time the Iranian government wished to exercise its sovereign rights over the islands, it was subjected by the British Government to threats of use of force (notably in 1904, 1923 and 1926).

It follows from all the preceding that the Iranian claims were not without foundation when they stated that the islands were part of Iranian territory until 1887 and that the taking of possession of them by the sheikhs of the Trucial coast at the instigation and with the assistance of the British Government, despite Iran's repeated protests, was not of such a nature as to enable these sheikhs to win, by the medium of prescription, the title of sovereignty which they lacked.

The seriousness of the Iranian claims was doubtlessly not the only reason that led the British Government, at the time of its withdrawal from the region, to come to an understanding with Iran. In the view of the West, the shah's government was capable of taking up effectively the role of policeman in the region.[3] With Iran concomitantly renouncing its claims on Bahrain, the British gave their blessing to the agreement between Iran and the emir of Sharja, as well as to the occupation of the Tunb islands. For Iran, it was a matter of putting an end to the British colonization and ensuring a return to the territorial integrity of the empire.

When the United Nations Security Council met on 3 December 1971 to examine the complaint from four Arab states in this regard, the United Kingdom's representative, Sir Colin Crowe, declared that "on the whole, the outcome achieved had been positive and contributed to the maintenance of peace. This was a reasonable and acceptable basis for the future of the region, one which should subsequently permit cooperation of all the states of the Gulf, Arab and non-Arab."[4]

The Security Council, for its part, on the motion of Somalia, was to postpone examination of the question sine die," so as to allow third parties enough time to try to act effectively."

It is regrettable that Iran, whose legal titles appear solid, has not chosen to settle the question by arbitration or by recourse to the International Court of Justice. The question would be resolved today on the legal level.

FOOTNOTES

1. On this period, see Wilson, Sir Arnold T., "The Persian Gulf," George Allen & Unwin, London, 1959, third edition.

2. Adamiyat, "Bahrain Islands, A Legal and Diplomatic Study of the British Iranian Controversy," Praeger, New York, 1955.

3. Cf Eric Rouleau, "A Policy of Power" (LE MONDE, 2 December 1971).

4. United Nations, CHRONIQUE MENSUELLE, IX, No 1, January 1972, page 50.

11267
CSO: 4800

PROGRESSIVE OPPOSITION MEMBERS ARRESTED

Paris LE MONDE in French 2-3 Nov 80 p 2

[Article: "Syria--24 Members of the Progressive Opposition Are Reported to Have Been Arrested"]

[Text] According to the Syrian opposition circles in Paris, 24 members of the progressive opposition have been arrested--among them the wife of the head of the dissident CP [Communist Party], Mr Riad Turk, and a well-known writer, Michel Kilo.

The left-wing opposition had remained in the background of trial of strength between President Assad's regime and the right-wing Islamic opposition. And while it had not created a common front with the latter, neither had it rallied to the regime or ceased its criticisms of it.

During recent weeks--more precisely, since mid-September--the state security services have scored a good many points against the Moslem Brothers. And the latter, who had been very aggressive until then, are for the moment driven into a corner, where, often, the forces of order go and pick them off. Some dozens of them have been cut down in this way.

The same sources report that the former Syrian chief of state, Noureddine Atassi, who was in prison from the time that he was brought down by Hafez El Assad, in November 1970, has been placed under house arrest in the wealthy Abou-Remmaneh district in Damascus, but that his family is not permitted to live with him.

The prime minister of the time, Youssef Zouayen, who had suffered the same fate, is reported to have been granted a similar semiremission some time ago, but to have been sent back to prison because he did not prove cooperative with the authorities.

11267
CSO: 4800

BRIEFS

USSR AIRBASE USE--In spite of denials made, the agreements signed in Moscow between the USSR and Syria reportedly make it possible for the Soviets to use the port of Latakia and two air bases at their convenience. In return for this, the Syrians would obtain T-72 tanks and Mig 25 and 27 aircraft. [Text] [Paris LE POINT in French 1 Dec 80 p 57]

CSO: 4800

PROPOSED STATE BUDGET ANNOUNCED BY PRIME MINISTER

Tunis LA PRESSE DE TUNISIE in French 19 Nov 80 pp 4-7

[Text] The following is the full text of the address delivered to the National Assembly by Prime Minister Mohamed Mzali.

"Mr President, Deputies:

The new government is submitting its first budget for your approval: the economic budget and the state budget for the year 1981.

Your budget session gives us all an opportunity to orient ourselves and allows the government to set forth the main guidelines of its general policy and its economic and social policy.

The economic budget submitted for your study takes into account the implementation of the Fifth Plan, on the basis of our estimates for 1981.

In studying this budget you will see that with the achievements expected for the year 1981, the goals of the Fifth Plan will be achieved overall in satisfactory proportion. Certain goals have been entirely achieved or surpassed: this is the case with the volume of investments, national savings and the development of the balance of payments. Other goals have been achieved to a more or less satisfactory extent: this is the case with employment, in which the job opportunities will fall 22,000 below the estimates and the increase in national production, which will come to an average of 6.6 percent instead of the 7.5 percent expected.

The year 1981 will contribute to strengthening the gains of the first 4 years of the Fifth Plan. The planned increase in the gross national product will be 6.7 percent. It may surpass that rate and reach the 7.3-percent level if grain production reaches 13 million quintals instead of 12 million, and olive oil 150,000 tons instead of 140,000, if there is recovery in the construction sector so that it can achieve growth of 7 percent instead of 5 percent, and finally, if the tourist sector, through an increased marketing effort, can achieve a growth rate of 5 percent instead of 1.7 percent in relation to 1980, when it achieved an unprecedented level of performance.

In the realm of investments, the total estimated for 1981 is 1.05 billion dinars, but where foreign trade is concerned, the deficit in current operations will be limited to 180 million dinars despite the expectation that import prices will increase more than export prices, and despite the drop in net oil exports.

National savings will account for the same percentage of the gross national product in 1981 as in 1980 (24.2 percent), provided the increase in consumption volume remains lower than the increase in the gross national product, which has not been the case in the course of these recent years, in which the annual average development of consumption has exceeded the growth in production. We will return to this question later.

The job opportunities to be created for 1981 will total about 46,500 as compared to 43,000 in 1980. This will leave a deficit of about 12,000 in comparison to the additional demand. We will have to analyze this problem at a later stage.

I have just made rapid mention of two major questions, consumption and jobs. On this occasion I would like to set forth for you the comments we have in connection with the problem of our development in future years at this time when we are preparing to define the prospects for the Third Decade and the Sixth Plan.

Work has been undertaken which will allow as objective an assessment as possible of the gains of the last decade and a clear and precise definition of future problems, which will dictate what our economic and social strategy must be.

An evaluation of the past allows us to measure the progress made and what remains to be done. It should be a clear and objective examination capable of helping us to continue along our path.

Also, a study of the future should be as lucid as possible, concealing none of the real problems, but rather setting them forth so that they can be dealt with and an attempt made to resolve them with maximal efficiency.

The Second Decade allowed us, profiting from the gains of the first, to ameliorate some of its weak points. The Third Decade should also involve an effort to resolve the problems still pending at the end of the Second Decade.

If the First Decade, which was a period of apprenticeship for us, taught us to pursue an investment and equipment policy, the Second Decade will have allowed us to improve our activities in the realms of production and growth. We must in the course of the Third Decade not only continue to perfect our investment policy and our activities in the realms of production and economic growth, but also and above all we must try to improve the quality of this growth by dealing more directly and more effectively with employment problems and the equitable distribution of income.

In fact, if investments doubled between the First and the Second Decades and if the growth rate has clearly improved, it still remains for us to resolve important problems. They include:

Development of employment by the orientation of an overall strategy pertaining to aspects of economic and social life, in order to be able to face up to this problem, which represents the main challenge of the future for us;

Achievement of social justice through a whole series of measures in the realm of taxation, rural development, planning and regional development such as to reduce the inequities among citizens and among the various regions of the country; and

Improving our foreign accounts by more rigorous action in the realms of investment, production, consumption, savings and exports.

Our production, despite the development of the growth rate in the course of these recent years, remains insufficient to allow us to satisfy the increased consumer demand, to make available a larger volume of savings, to limit our imports, including consumer products, farm products in particular, and to expand our exports, to reduce the increasing trade balance deficit, and finally to improve our foreign accounts, and thereby our indebtedness to foreign creditors, thus safeguarding our independence with regard to foreign nations as much as possible.

Improving production means that the country must set itself seriously to work and improve its productivity in all sectors. It must be recognized that our productivity remains inadequate, both on the level of state management and on the level of public enterprises and the private sector. If we insist on noting this, it is to stimulate an awakening in the country and an upsurge which can only be salutary and beneficial.

We will undertake vigorous action to improve state management and in particular that of public expenditures. The state budget for 1981 marks the beginning of action in depth in this sector.

We are currently studying the methods and the means likely to improve the management of public enterprises, within the framework of the discussion of the orientation document which will serve as a basis for the national discussion of the Third Decade and the Sixth Plan, such as to avoid in the future the financial corrections the cost of which is made clear to you in this budget, so that you can understand it.

Our activity in the field of improving the management of the state and public enterprises will be guided by the overall attitude we have adopted. The state should not do everything. It should, in the production sector, pursue its activities above all in the strategic fields, where private enterprise is failing. When it participates in production, it should do so directly when it is a matter of the base sectors, or indirectly, above all for productive projects, and this should be done through the intermediary of sound financial institutions with the necessary means available. This indirect action is more efficient, since the state can thus evaluate the results and turn for aid to the institutions most involved in production and with the means for daily supervision, means which the administrative services entirely, or almost entirely, lack.

State intervention in the economic realm will be carried out mainly by the agencies of the public authority, which is alone in having such agencies for the purposes of direction, conception, planning, encouragement, organization, supervision and arbitration.

Where the public enterprises are concerned, it is a question of making the management of these enterprises responsible, strengthening the authority of the boards of directors and guaranteeing their stability by truly recognizing the results achieved.

I would like to stress here that my reference to the lack of productivity in the management of the state and public enterprises should not be interpreted as a lack of confidence in the officials or the managers of the public enterprises.

They are not solely responsible for this situation. In the majority of cases they carry out their tasks with devotion and self-sacrifice and it is indeed thanks to their efforts that Tunisia has achieved the level of development it has now. It is more nearly a question of an attitude which must be changed.

This attitude prevails also in other sectors, in the private sector in particular. The government allows the existence of a strong and prosperous private sector. Our socialism must allow ample space for the private sector because its presence is a factor in progress for the whole of the country.

However, we are demanding of this sector which we regard as important, particularly in the realm of production and employment, just as we are with regard to ourselves, with the state management and the management of the public enterprises, where we make no effort to conceal the shortcomings, shortcomings which we will try moreover to correct gradually.

The state has encouraged and continues to encourage the private sector, without reservation or avoidance, while requiring of it that it assume all its obligations: the economic obligation to improve its methods of management to eliminate all the causes of low productivity; the social obligation, by granting the human element so often neglected the attention and advantages necessary both from the point of view of training and from the point of view of assuming responsibility; and the fiscal and financial obligation, by struggling with us against tax fraud. I will come back to this matter later.

In this connection it is necessary to strengthen the complementary aspect of the three sectors--public, private and cooperative--to make each capable of assuming its role as it should in the socioeconomic life of the country.

Our first goal therefore is to work against bad management and to improve productivity in order to be able to increase our production and our exports and to resolve the problem of employment and to improve our foreign accounts.

The question of productivity is crucial for the country. In past years, agricultural or industrial producers have been content to demand price increases or subsidies and tax advantages. The wage-earners, for their part, were interested above all in increased wages, while the consumers continued to demand price stability. How can these contradictory demands be reconciled while at the same time avoiding galloping inflation and a deterioration in the entire economic system?

We cannot effect a miracle. The producers cannot benefit from compensatory prices, the wage-earners from higher income and the consumers from relatively stable prices unless the entire country improves its productivity. Otherwise we will be faced with an impasse. Countries such as Germany and Japan have not been able to overcome what have been termed the successive oil shocks except by improving their productivity.

Unfortunately, our productivity level has remained below the necessary minimum.

But I am persuaded that our people, who have acquired aptitudes and experience forged in the course of their long struggle against colonialism, first, and against underdevelopment, subsequently, will be equal to undertaking a successful struggle for productivity, thanks to the determination inculcated in them by the Supreme Combatant over nearly a half-century. Just as we won the battle of dignity and freedom, we are capable of meeting the economic challenges as well, improving our productivity, resolving the problem of employment and guaranteeing prosperity.

Mr President, Deputies:

We are faced today with multiple and thorny problems.

Population growth and employment remain the most worrisome.

Indeed, we have made great progress in the realm of family planning and our experience in this field has won international renown. But the birth rate, although it showed a substantial drop between the First and the Second Decades, dropping from 44 to 35.4 percent, still remains high, being almost double that in the developed countries.

The infant mortality rate, on the other hand, which dropped from 16 percent to 9 percent in the course of the same period, is very close to that in the developed countries, indeed lower than that in some of them and in any case the lowest in the Arab world. This decline is explained by the advances made in the public health and educational fields in particular.

This is why the rate of natural growth seems to be dropping slowly despite the efforts pursued in the family planning sector. It declined from 2.8 percent to 2.6 percent from one decade to the next.

Population projections show a rate of natural increase of 2.5 percent per year during the Sixth Plan and a population increase of about 1,750,000 persons in the course of the Third Decade, as compared to 1,500,000 and 1,000,000 for the Second and First Decades, respectively.

The same projections indicate that, given this demographic development, the additional demand for jobs, which was assessed at 500,000 for the Second Decade and 275,000 for the Fifth Plan, will be 665,000 for the Third Decade and 320,000 for the Sixth Plan.

These figures give some idea of the scope of the problem.

Our policy in the population sector is not designed only to lower the population growth rate but also involves an overall understanding of the problems of the family and a continuous effort to advance it and to achieve conditions allowing a happy life

Even if the effects on job demand cannot be really felt until the Fourth or the Fifth Decade or even later, it is necessary to strengthen our activities in the realm of birth control. This activity requires profound reflection and should have its effect on the whole of our economic, social and fiscal policy.

However, for the Third Decade and the Sixth Plan, we must face up to a serious employment problem of which the entire nation should become aware.

This problem affects all the others. We have no choice but to attempt to resolve it. We must invest in order to produce and to create jobs. Thus we foresee that the investment volume necessary for the Sixth Plan will probably be double that for the Fifth Plan, that is to say about 8 billion dinars as compared to 4. These investments, because of their volume, also represent a challenge.

We must achieve progress in the study of, drafting and implementation of projects through the establishment of a larger number of planning departments.

But where should the 8 billion dinars be invested? A whole strategy must be established and the contours refined during the period of preparing the plan.

In fact, we must direct our investments such as:

To create the maximal number of jobs;

To attain the highest rate of production growth; and

To develop our exports to improve our trade balance and the payments balance.

These are all requirements which are not always readily reconciled. We must however attempt that reconciliation.

Mr President, Deputies:

Agriculture must be given absolute priority. Indeed the average production level increased by 30 percent from 1 decade to the next, not in uniform fashion of course: grains increased 50 percent, olive oil 100 percent, citrus fruits 27 percent and livestock breeding 80 percent. But farm production still remains inadequate above all in the grain sector, where the average annual deficit for the last decade has been more than 5 million quintals, with domestic production meeting only 2/3 of the need, and in the dairy sector, where only about 50 percent of the needs were met.

For 1980, the difference between our total farm product exports (80 million dinars) and the total of our imports (171 million dinars) is 90 million dinars. The estimated deficit for 1981 is about 94 million dinars, with imports (196 million dinars) expected to be greater with the increase in grain and sugar prices, despite an advance in exports (olive oil) of from 80 to 102 million dinars.

The goal of self-sufficiency in food will require more time to be achieved. But we must work at it. This self-sufficiency is a result: even if we must continue to import milk now, we must improve our exports of other farm products and reduce

our imports gradually such that our farm trade balance at least will be balanced first, in order to show a surplus in a second phase.

Agriculture is the Achilles' heel of the majority of economies in the process of development. A number of these countries are dependent on foreign sources for the very foodstuffs they consume.

For all of these reasons, we must grant very special priority to agriculture, and the government hopes that all the parties concerned can engage, during 1981, the preparatory period for the plan, in a real dialog on this primary question. In fact, too often and to a considerable extent, activity in this sector is limited to a matter of credit, subsidies and aid to agriculture. Is it not also, beyond that, a question first of all of management, of productivity, of land structure, personnel, etc? Thus we must devote ourselves attentively to these delicate problems which cannot be translated into mere claims made of the government to relieve the conscience.

This effort merits emphasis for more than one reason, for food products are of a strategic nature and one cannot conceive of independence for the country while it is dependent for food. The priority development of our agriculture is the more justified now that a major swing in the balance of energy income is expected by the end of the decade.

Developing agriculture means struggling against the disparities between the sectors and the regional and social disparities, since it is so true that the neglected strata are found in large part in the farm sector.

Thus it is necessary, whatever the price, to strengthen the foundations of a prosperous agriculture which can play an active role in correcting these imbalances, in the struggle against the rural exodus and the consolidation of employment and income in our rural sector.

The government calls for a new vision of the role of agriculture in the development of our economy and the building of our society. We are persuaded that agriculture should branch out into the real situation in Tunisia and constitute the cell in the connective tissue of our society and our economic development.

A renewal of agriculture will entail among other things a continuous effort to incorporate young people in farm activity, to promote agricultural agents as a vocational group, to provide security in the agricultural world through a search for suitable conditions of labor, to guarantee income and just retribution for work within a framework of harmonious reconciliation of the various economic factors and the maintenance of the purchasing power of the consumer.

The primary goal of our effort in the realm of agriculture should be to establish the conditions of all sorts (political, human, economic, financial, regulatory and technical) to enable this sector fully to play the basic role which falls to it in the harmonious development of our economy and our society.

Under the enlightened encouragement of President Bourguiba, the government has for some time been determined to create the psychological, economic and technical

environment favorable to a mobilization of the living farm forces in the country, thus permitting the farmer to play the essential role which falls to him. This improvement of the environment is reflected in an adjustment of production prices for the main farm products. Grain prices have had two successive increases and are currently at a remunerative level providing incentives. In addition, it is our primary concern to incorporate the largest possible number of small and average farmers in the economic circuit by means of an energetic policy of supervised credit covering all of the activities in the development of farm exploitation.

The government has moreover decided to put into effect all the measures needed not only to avoid any form or reason for underexploitation of our farm assets, but also to lead in the shortest possible time to an intensive utilization of our potential, by establishing the necessary foundations for renewal, intensification and modernization of our agriculture.

To this end, it is necessary to devote ourselves to inculcating the dynamic vision of the development and the exploitation of our agricultural heritage freed of constraints of a structural or ideological nature and relying on an energetic investments strategy like that in other economic sectors, above all since the Tunisian weather conditions linked with the recognized technical aptitude of the Tunisian farmer and his attachment to the land justify our ambition to promote competitive and high-quality agriculture oriented toward export.

It is clear that this decision cannot be implemented except by the mobilization of all energies, particularly those in the farm sector. In this connection, the UNA [National Farmers Union] is called upon to play a preponderant role in promoting, channeling and directing all these undertakings and enabling the farmer to have access on an equal footing to participation in the promotion of economic development.

Apart from agriculture, we must also devote equally important attention to industry and in particular manufacturing industries, which in the course of the second decade contributed to the development of 40 percent of the jobs created in the course of this period, i.e. 163,000 out of 400,000. In this sector, a number of problems face us. We have not yet succeeded in investing in these manufacturing industries the amount allocated to them in our development programs for the Fifth Plan. Only 17.8 percent of the investments benefited the manufacturing industries sector instead of the 22 percent for which the plan called.

This has to do with what I was just saying about our capacity to study, draft and implement projects and illustrates the importance of this problem.

If the manufacturing industry sector is contributing to creating double the number of jobs created in other branches of activity with a given percentage of investment, it nonetheless exerts too great a pressure, due to lack of sufficient integration, on imports, in particular of raw materials, semi-finished products and equipment goods, and thus contributes to increasing our trade deficit.

Thus we must improve the integration of the sector in order to reduce this pressure and to allow it to play a greater role in increasing our exports.

Other sectors, not so effective in creating jobs but which are producers of foreign exchange, such as tourism, should also be the focus of our attention.

In fact, we see difficult prospects looming on the horizon unless our exports of goods and services improve and our trade deficit declines.

When it comes to the cultural field and the means of integrating it in the economic system, since I had an opportunity to discuss this during my last address from the rostrum of your assembly, I will content myself with mentioning that we propose to take all the measures necessary to resolve the problem of financing publishing so that the book industry can be placed on a footing of equality with other industries. In this connection, we must make an effort to see that it prospers, to create jobs and to provide it with the conditions for an effective contribution to national production. We also intend to take all the necessary steps to ensure that the book industry benefits from state support, knowing that books are the nourishment of the mind, as important as all the other categories of nourishment, and that it must thus remain accessible to all Tunisians and must become a source of enlightenment for the country.

In the energy sector, we hope to discover new oil deposits. We are undertaking vigorous prospecting in the lignite sector and we are pursuing a more profound policy in connection with the use of the Gabes gas, or that obtained from the royalties on the Algerian-Italian gas pipeline. But we have an obligation to bear in mind prospects which may be different, such that by the end of this decade, if other deposits of oil are not found, we are not only prevented from exploiting any more oil, but may perhaps have to import it.

This is to warn you of the painful shock this would cause to the state budget on the one hand, and the balance of payments on the other. We must therefore prepare ourselves for all eventualities.

We must make such preparations by limiting our energy consumption which is developing much too rapidly. Between the beginning and the end of the decade, the average annual consumption of electricity tripled, increasing from 652 million kilowatt hours to 2,047 million kilowatt hours.

When the day comes that we are short of oil--and we all hope that it will be delayed as long as possible, and the government, for its part, is working to postpone that day until we, along with the developed countries, have succeeded in finding a substitute source of energy--we will no longer be able to allow such an increase. Thus it would be better for us to limit it beginning now.

And the best means of limiting waste in this sector is to review our price policy, a policy which has ceased to have any logic or rational basis.

Our oil consumption is estimated at about 2.7 million tons for 1981 in various forms, including 980,000 tons of gas oil and 115,000 tons of fuel oil. Now the prices charged in Tunisia for these two products are far less than the world prices. Fuel oil is sold at 24 dinars as compared to 105 on the international market. The subsidy thus granted oil products as a whole has been estimated at about 200 million dinars, on the basis of current prices!

Can we continue along this erroneous path? Imagine the effect it would have on the Tunisian economy if our oil resources were to be exhausted, and we had suddenly, in the middle or at the end of the next decade, to adjust our prices and place them on the level of world prices which will then be very high, since everyone agrees on the prediction of further oil price increases. Doesn't wisdom demands that we do this gradually and beginning now so that the Tunisian economy will not suffer thereby? Here we are faced with a great problem which it is useless to conceal.

It is for this reason that we must invest in industry and tourism, first of all to create jobs and then to export, to earn foreign exchange and improve our balance of payments before being caught by surprise by a downward trend in our oil production which we all hope can be avoided but which it would be irresponsible not to foresee.

During the decade which has elapsed, imports of goods and services have increased in volume by 12 percent per year on an average, while exports have only increased by 8 percent. The effects of this unfavorable development were offset by the development in the terms of trade which were temporarily very favorable to Tunisia. The phrase terms of trade represents the relationship between the development of our export prices and our import prices. The terms of trade are said to be favorable when our export prices increase more rapidly than our import prices. They are said to be unfavorable in the opposite case, when import prices increase at a faster rate.

Now the terms of trade have been either somewhat or very favorable to Tunisia, depending on whether one examines the development throughout the Second Decade or during the 5 years of the Fifth Plan only.

Where the decade as a whole is concerned, Tunisian export prices, in fact the prices of oil, phosphates and their byproducts, tourism, and at the beginning of the decade, olive oil, increased at a faster rate than our import prices, since Tunisia is not a net importer of energy. Import prices in fact increased at an average of only 9 percent per year, throughout the decade, while our export prices showed an increase of 11.5 percent per year on an average during this decade. The result was an improvement of 2.5 percent per year on an average in the terms of trade, as compared to a decline of 2.2 percent per year on an average during the First Decade, when the development was in the other direction.

If we study the period of the Fifth Plan (including the estimates for 1981) we can see that the export prices should increase at 13 percent per year and import prices at 5.3 percent per year, leading to a very substantial improvement in the terms of trade in the neighborhood of more than 5 percent per year on an average.

This analysis, perhaps too technical, is nonetheless extremely important, if not essential. It explains why, despite an increase in real terms, that is to say in value, without taking the increase of 12 percent per year in our import prices and only 8 percent for our exports into account, the balance in our foreign accounts and our balance of payments has developed in satisfactory fashion, and even better than estimated for the Fifth Plan.

In fact, the deficit for current operations (imports and exports of goods and services), on the basis of the 1981 estimates, will probably be lower than expected (186 million dinars per year on an average instead of 242) and there will be less need for recourse to foreign capital and less foreign indebtedness, with debt service accounting for 11.4 percent of current income in foreign exchange per year on an average, as compared to the 14 percent rate included in the plan.

This favorable development in the terms of trade has also offset and at the same time camouflaged another worrisome development: the too-rapid expansion of consumption, which increased at a higher average annual rate (7.9 percent) than did production (7.3 percent), while that development was in the other direction during the First Decade (3.8 percent for consumption and 4.6 percent for production). Thus private consumption per capita, taking population growth into account, increased 5.1 percent per year during the Second Decade, as compared to 1.6 percent during the First Decade. Had it not been for the unfavorable [sic] and even very favorable development of the terms of trade, as I have just said, national savings would have developed much less favorably and the country would have been led into much heavier indebtedness.

This double development requires that we undertake the necessary reorientation to face up to the problems of the future.

Who can predict in fact how the terms of trade will develop during the Third Decade? One can hope for the same favorable development, but in our calculations and estimates we cannot allow ourselves to fail to take into account a possible reversal of the situation and an unfavorable development of the terms of trade, as occurred during the First Decade, above all if, as I explained, our oil exports decrease gradually and if, a possibility we cannot exclude, we become net importers of energy and oil prices continue to rise.

We must therefore prepare, beginning now, for this possible development, rather than waiting the unpleasant surprises which are likely to cause serious disturbances.

We can prepare by slowing the too-rapid increase in consumption so that it will not increase at a rate surpassing that of the gross national product as was the case during the Second Decade.

This is to warn you that there is no time to lose and that we have already perhaps waited too long, the good years and the situation having made us complacent, to take the steps necessary to prepare ourselves to face the challenges of the future.

These are the conclusions the government has reached at the present stage in its study, a study which has not been too lengthy, contrary to what one hears said, because in addition it was necessary to have parallel to this the time to clear the political atmosphere, which was far from brilliant at the time the government was formed.

Having reached these conclusions, which some will find pessimistic but which are simply sincere and realistic, the government has succeeded in defining the main guidelines of the general policy and the economic and financial policy it plans to

implement in order to prepare the country courageously to face up to the problems and to pursue its development efforts under the best possible conditions.

The government is currently studying a vast complex of reforms in depth, covering the main aspects of economic and social life in the country, within the framework of the drafting of the plan and the prospects for the Third Decade.

The structures and institutions in the country as a whole must be adapted to the stage of development achieved and above all to the goals of economic and social progress we hope to achieve.

The reform movement will develop in all directions to dust off and adapt the complex of our structures, systems and institutions. Whether it be in the realm of administration, public enterprise, education and training, taxation, the monetary and financial system, savings, investments, social security, prices, income, regional development or income distribution, numerous reforms are being drafted and planned, some of them certainly having priority in view of their effects on the main parameters of development, growth, investment, employment, balance of payments, social justice, etc.

We will devote the year 1981 to the study and deepening of these reforms. The government hopes that the country as a whole and its active forces will be able to participate in the discussion of these reforms, above all those which affect the basic sectors of economic and social life.

A basic document on the main reforms will soon be distributed, and all of the plan commissions as well as the national cadres are invited to participate in this debate which is vital to the future of the country, a debate we want to be fruitful.

But on a number of points and in various sectors, the government will not await the end of this national debate to act, and it is determined to act. I am issuing an appeal to all to help us in this difficult task, which will require much time, patience, calm and serenity.

We will need a great deal of courage and determination to carry this series of reforms through to the end.

We are proceeding currently, within the framework of our policy of industrial balance and preparations for the coming plan, to undertake an overall evaluation of our development, including all our achievements in each department, and we are doing this with a view to drafting a strategy which will allow us to wage a battle against the intolerable disparities among the regions. Texts will be submitted for your approval within the shortest possible time, so as to provide a juridical framework for this indispensable action.

Mr President, Deputies:

The preparation of the budget provided an opportunity for the government, despite the limited time period, to attempt to transform into reality some of these measures and reforms within the overall context I have just tried to explain.

I will not linger over the details of these budget figures. They will be examined in the course of the budget debates and the government is prepared to supply your assembly with all the necessary clarifications.

I would like to limit my comments to setting forth for you the indications contained in the budget which illustrate the overall orientation of the government action the main lines of which I have just described.

I will focus my comments on three basic axes:

1) The 1981 state budget is first of all a budget for clarification and correction. "We cannot in fact speak of the future without first dealing with the heritage of the past."

2) This budget illustrates the desire of the government to improve management in the state and the country as a whole, in order thus to contribute to a general improvement of productivity in the country.

3) It means a beginning in preparing the country for the vast development effort which awaits it during the 1980s.

On the first point, the state budget will involve mainly the reform of the public enterprises and the compensation fund deficit.

In the course of the 1970s, your assembly passed a certain number of measures of support and reform benefiting a certain number of public enterprises. These measures involved either increases in the capital of some of these enterprises, in some cases following management losses, or long-term loans in the form of new money or the conversion of state credits, or in the form of direct subsidies.

The complex of corrective measures you approved or which are being studied come to a total, according to our current information, of about 172 million dinars. Honesty and militant faith dictate that I tell you this frankly.

A survey of the development of the situation in a certain number of enterprises, even a brief one, in the short period of time available to the government, reveals that a large part of the sums thus allocated for reform have been definitively lost, that it would be better to face the reality and abandon hope of recovering these sums. This applies to about 102 million dinars out of the 172 million. It can be broken down in capital losses of about 50 million dinars, surrender of tax credits of about 16 million, loans which cannot be repaid totaling about 28 million and non-reimbursable subsidies of 8 million dinars.

The balance, i.e. about 70 million dinars, is not yet compromised, and has a counterpart in the assets of the enterprises involved. This includes capital allocations (55.7 million dinars), either through conversion of fiscal credit (8.4 million dinars) or the conversion of earlier loans (23.6 million dinars), or through monetary assignments (23.7 million dinars) and new loans totaling 14.3 million dinars.

This is the situation at the present time, and the cases of certain other enterprises are still unstudied. It will be necessary for your assembly to study these indications and take the steps necessary to correct the situation. The sums definitively lost should be legally established, and those not yet lost should be the subject of legal measures so that they can be followed with the necessary attention.

These indications sufficiently justify a profound reform of the public enterprises, a reform which will be the subject of specific government proposals and which should be the subject of a profound debate in the country both on the role of the public sector and on the management methods of the public enterprises.

I urge the assembly to appoint a permanent commission made up of its best experts to get to the bottom of these matters, to study the proposals which will be submitted by the government, and above all to make its own study and develop a precise stand on the matter. The government will provide it with all available elements of information.

The second question pertains to the compensation fund deficit. This deficit is expected to be 122 million dinars at the end of 1980. It results from the expenditures made by the fund and the inadequacy of the resources obtained for the financing of these expenditures. This deficit is currently being covered in large part by the state treasury, and, as far as the balance is concerned, by the banking system. This situation as well should be clarified and corrected.

The part borne by the treasury, which comes to 90 million dinars, has to do with compensation paid through the intermediary of the grain office and pertains to grain products for food supply for people, cattle feed and fattening. Since the necessary resources for the purpose were not obtained, the office appealed to the treasury, which has granted it advances of about 90 million dinars on the basis of acceptance certificates.

As it appears difficult to obtain now and on short notice a supplementary income of 90 million dinars, the government proposes to you that this situation be corrected by approving a treasury loan to the budget. Through the inclusion of a special expenditure category, the state budget will repay this loan to the treasury over a period consistent with the budget potential, which should range between 15 and 20 years.

At the end of 1980, a residual deficit, which is currently being borne by the banks, will remain, in the amount of about 32 million dinars. This will have to be added to the budget expenditures of the fund for 1981, which we will take occasion later to discuss.

This is a time for the government and the assembly to study the question seriously, to examine or review all compensation which there is justification for allowing and to find the resources needed as a consequence.

At this stage in the study, it is expected that the fund will cover, in addition to the residual deficit, if the same procedure is followed, a new charge estimated at 105 million dinars, against current income of about 67 million dinars,

representing a foreseeable deficit of 70 million dinars, to cover which resources must be found. The increase in the demands on the fund (105 million dinars) derives mainly from grains (53 million dinars) and sugar (30 million dinars), 2 products which are currently experiencing a strong increase on a world scale.

This is the first major characteristic of this budget, which reflects the government's intention of setting the problems forth without embellishment, while trying to contribute positive solutions to them to the extent that it can. We must, I reiterate, have the honesty and the courage from now on to face up to things squarely.

The second characteristic of this budget is the beginning of improvement in management in connection with improvement in productivity in the country as a whole.

The state budget (Title I and Title II) comes to a total of 1,166,000,000 dinars, an increase of 16.5 percent over the 1980 budget, corrected by the supplementary finance law, i.e. 1,000,600,000 dinars, or an increase of 165,400,000 dinars.

It is above all the equipment budget which shows a substantial increase, 21.6 percent as compared to 17.3 percent for the 1980 budget.

This reflects the desire of the government to give new impetus to investments again and to prepare for the increase in the volume of these investments for which the Sixth Plan calls.

The operational budget (Title I) shows an increase for its part of only 12.4 percent, as compared to 14.3 percent for the preceding year. This illustrates the government's desire to limit current expenditures and to improve public savings, while providing the departments with the resources with which to function.

Thus the contribution of Title I to Title II shows an increase of 104 million dinars, or 47 percent, with an increase from 215 to 319 million dinars.

At the same time, from the point of view of employment, Title I calls for the recruiting of 14,258 agents, 5,716 by the filling of vacant posts and 8,542 through the creation of new jobs. The vacant positions are mainly in education (1,459) and health (2,737). The new jobs will also be created in education (3,517) and health (2,945) and the PTT [Postal Telephone and Telegraph Service] (1,058).

The state budget (1,166 million dinars) will be financed to the extent of 938 million dinars by ordinary state income, which will thus be increased by 22.5 percent over the 1980 corrected finance law estimates. The balance of 228 million dinars will be financed by means of domestic loans (equipment bonds, 138 million dinars) or foreign loans (80 million dinars) and the PTT surplus (10 million dinars).

Reduction of operational expenditures, a substantial improvement in budget savings, improved current income--these are the main characteristics of this effort to improve budget management as a whole.

Other aspects of this improvement in management are also contained in the 1981 budget.

The leading aspects are:

1) Assumption by the financial system of responsibility for a certain number of financing efforts, relieving the burden on the budget;

2) Improvement in public income representing the counterpart of services rendered to the population; and

3) A search for new management methods with a view to greater efficiency.

In fact, the financial system will be called upon to play an ever more important role in the financing of investments to support and complete the direct actions of the state.

Two important activities serve to illustrate this orientation which is contained in the 1981 budget.

In the realm of reform first of all, the example of the SHTT is most indicative. Since its creation it has suffered from an evil which has been neglected from the beginning. Its investments have been for the most part financed by short-term credit and, in particular, by bank overdrafts. The course of treatment administered has not corrected the problem. The result is that the situation is still the same today. The bank overdraft totals 10 million dinars. Nor has the SHTT been able to repay a medium-term loan of 5 million dinars granted by the banks, and all of the payments still remain to be covered. The resources of the SHTT itself do not allow it to deal simultaneously with the interest charges and the repayment of both the overdraft and the payments due on the medium-term loan. The interest charged has been too great for a number of years, resulting in major losses. This situation has prevented the SHTT from covering the costs of maintenance, expansion and modernization of its hotels. As a result it has not been able to keep its personnel, most of whom, moreover, have been transferred to other projects. This is a tangled situation which can only be resolved by breaking the vicious circle somewhere and beginning with the reorganization of financing, which could have been done some years ago. Once this reorganization has been undertaken, it will be possible, parallel to this, to improve the management methods, undertake the needed investments and make the company profitable. If the reorganization of financing has not been done, it is because the regulations prohibit the granting of credit over more than 7 years. Now this period is inadequate and prevents the SHTT from meeting its payments.

Thus in order to resolve the stalemate it is necessary to grant credit to consolidate the overdraft over a longer period, 15 or 20 years, consistent with the real repayment capacity of the SHTT. If such an operation had been undertaken in time, the SHTT would already have repaid a good part of the overdraft. This operation must not be delayed, and in the light of what we have explained, the currency issue institute will be authorized by law to go ahead with this consolidation and to plan the rediscounting of this credit to the benefit of the banking establishment which will have to provide it. In addition, the funds of the SHTT itself will be improved such as to enable it to repay the medium-term

credit payments due. Thus it will no longer have to face a bank overdraft in excess of what is normal for its turnover volume. In addition, the SHTT has substantial real estate which has since increased in value. Its reassessment or incorporation in the new project will enable it to absorb the losses accumulated to date. It can then move forward again on a sounder basis. For it must be recognized that the SHTT has an important cash flow, about 27 percent of its turnover volume, which is respectable.

These lengthy explanations are designed to make it clear to the assembly how a real reform can be carried out with a little imagination and boldness and cooperation with the Central Bank.

It and the banks as a whole will again contribute their cooperation to the solution of other financing problems, thus evidencing the eminently positive nature of their action.

In this way they will contribute to the correction of another situation pertaining to the financing of a complex of seven hospital establishments now being completed, in Habib Thameur, Sfax, Monastir, Jendouba, Mahdia, Medenine and Gabes, the initial costs of which have increased substantially as a result of improper preparation of the studies and the lengthening of the time period for execution of the projects. These establishments should be operating normally as of the month of June 1981. Now taking the payment credits included in the 1981 budget into account, civil engineering discounts of about 20 million dinars will remain to be paid, since payment did not keep pace with the work. Moreover, the necessary equipment expenditures have been estimated at 14 million dinars. Since the state budget would be seriously shaken if it tried to absorb all of these expenditures at one time, interim bank financing in favor of the civil engineering enterprises or equipment suppliers will be organized, in cooperation with the banks and the Central Bank so that the budget can absorb this substantial sum over a period of 3 or 4 years.

Cooperation with the Central Bank and other banks will cover a third aspect of financing: that having to do with the supplementary financing to be organized for the benefit of a certain number of major enterprises. This means a complex of medium-term loans totaling about 15 million dinars, which will be organized by the banking system to benefit enterprises such as the West Cement Plant (4 million dinars), the SNIT [Tunisian National Real Estate Company] (4 million dinars), the SONEDE [National Water Exploitation and Distribution Company] (6 million dinars), the Sanitation Office (1.6 million dinars), and the OTD [National Land Office] (1.2 million dinars).

This cooperation offers two advantages: it avoids overburdening the state budget by financing which qualifies for bank credit, and it brings the enterprises involved into banking discipline and supervision somewhat more, which will contribute to supporting the action of the state in its task of control and supervision.

Secondly, the measures designed to improve management involve improvement of public income in connection with the services rendered to the public. Here too there are numerous examples and you will learn of them in the course of the discussion of this budget.

The second aspect pertaining to the improvement of management has to do with the search for new management methods. I will limit myself to a single indicative example in this connection. It involves the establishment of an autonomous company as an affiliate of the OTD to take charge of the exploitation of the El Alem Domain, which remains the property of the state. The state has spent about 7 million dinars to equip this domain which should be in operation shortly. A part of this sum will go to provide the company with the necessary capital. The balance will be converted into a long-term loan granted by the office to its affiliate. The supplementary financing (1.2 million dinars) will be organized in the form of medium-term credit by the bank. This operation offers several advantages: it will alleviate the state budget, will establish a management operation which should become profitable, will specialize a management unit likely to become eligible for bank credit, and will make it possible to follow the management through control and daily supervision by the financing bodies. The study of this operation is in progress and its execution will begin as soon as the technical and financial studies are completed.

This entire effort to improve management bears witness to the desire and the determination of the government to make a tireless search for all the methods likely to improve management in the country as a whole, since all bad management is a source of lack of productivity, stagnation and inflation. Bad management is not, as one might readily think, a matter of personnel only. Certainly the men, their capabilities and their dedication play a role. And the majority of our managers are competent and dedicated, but this is also a question of organization of methods, of directives, of incentives and resources. The best manager, tied by ossified or abusive regulations, limited by poor organization, cannot work miracles.

I would like finally to stress to you how the state budget submitted to you also reflects the will of the government to prepare the country in time to strengthen its capability for action in the realm of selecting, studying, promoting, financing and executing development projects.

You will have to examine the equipment budget and its content from the point of view of the infrastructure projects or economic projects which will be launched or developed through the resources of this budget. I would not want at this stage to go into detail about these achievements. We will have an opportunity to discuss this again in the course of the budget discussions.

On this subject I will limit myself to some overall comments reflecting the stress placed on the acceleration of development which we must launch beginning in 1981 to prepare ourselves for the full scope of the rhythm the achievements of the Sixth Plan will require of us.

For direct investments from the equipment budget, it should be noted that the program law, which reflects the importance of the projects to be carried out, is up 122 million dinars in comparison to the 1980 figure, with an increase of from 282 to 404 million dinars (including 329 million dinars for new projects, representing an increase of 43 percent). Moreover credit commitments have increased by 53 percent, from 235 to 360 million dinars.

Payment credit for 1981 totals 224 million dinars, including among other things 92 million dinars for civil engineering (which will contribute to a recovery in construction), 30 million dinars for equipment, 20 million dinars for rural development, 5.5 million dinars for forests and the CES and, finally, 45 million dinars for national defense, which reflects our determination to defend our gains without compromising our development.

Where the financial operations within Title II are concerned, it should be noted that the amount approved (230 million dinars) includes, in addition to 148 million dinars in subsidies, with the main ones going to agriculture (44 million dinars), transportation (45 million dinars), industry (20 million dinars), tourism (8 million dinars), housing (SNIT) (11 million dinars), and sanitation (7 million dinars), contributions to the capital of a large number of enterprises entrusted with promoting new projects or the continuing of old ones. The total of these contributions comes to 74 million dinars. With regard to old projects, this includes 1 million dinars for the ICM [Maghreb Chemical Industries], 2.3 million dinars for the SACPA, and 9.5 million dinars for the West Cement Plant. For new projects, these amounts come to 6.5 million dinars for the Sixth Cement Plant, 3.6 million dinars for white cement and lime, and 4 million dinars for the sugar complex.

You will note in addition that the financial operations category calls for 30.5 million dinars in credit with a view to state participation in new planned development banks, in addition to the credit of 12.3 million dinars for our participation in the Tunisian-Kuwaiti Development Bank, in which connection the agreement signed with the government of Kuwait has been submitted for your approval, and the credit for which we were able to obtain out of 1980 financial operations. The establishment of these banks falls precisely within the context of our desire to prepare ourselves without delay for the new rate and the new stage of development which awaits us during the Third Decade and the Sixth Plan.

The idea of establishing the development banks derives in our view from the need to equip the country with a financial system capable of supporting the development effort which will have to become more important. The reform of the financial system is a part of the vast complex of reforms which will be submitted to the country in the course of the drafting of the next plan. It will cover our financial institutions as a whole: deposit banks, development banks, insurance companies, financial market, savings, farm credit, credit for small and average businesses, etc.

However, as I have said, the government has not waited for the discussion and the completion of this plan of reforms to gain time and to act with the necessary boldness and determination. These banks will be the tools of our development. They will also be the means of renewed and expanded cooperation with the brotherly Arab nations. They will serve as a link and a liaison channel with our brothers in the Arab countries which have indicated great interest in this cooperation, as you will have noted in following recent news reports. This renewed interest was expressed in a moving speech by His Excellency Abdul Rahman Salim al-Ateeqi, the Kuwaiti minister of finance, on Tunisian television, and in the overwhelming success of the recent seminar on Arab investments in which all of the Arab world's experts and managers of financial and developmental institutions participated.

To correct any erroneous interpretation, I would like to provide a few details about these banks here.

There is first of all the Tunisian-Kuwaiti Bank, established by a document already signed and scheduled to come into being before the end of the year and to begin operations early in 1981. This is first of all a development bank which will be involved in development projects in the various economic sectors (industry, agriculture and tourism among others) and which will finance projects by means of capital contributions and medium- and long-range loans. Thus it will have no tellers' windows for accepting customer deposits and will not compete with the deposit banks already in existence.

Secondly, this is a Tunisian bank, under Tunisian law, and not an offshore bank. Its capital will be underwritten and paid out in dinars. This capital has been established at 100 million dinars. The capital is equally distributed between Tunisia and Kuwait. The main stockholders will be the Tunisian government and the government of Kuwait. One-quarter of the capital will be paid up on the establishment of the bank and the balance according to need and over a period of 5 years, in accordance with Tunisian legislation. The president of the bank will be a Tunisian and plans call for our Kuwaiti brothers to participate on the board and in the management of the bank. Their representatives need not necessarily be citizens of Kuwait but may be Tunisians, if Tunisia has qualified personnel to make available to Kuwait.

The agreement signed with Kuwait gives the bank authority for more flexible activity in the realm of financial transactions and transfers, along with the appropriate fiscal advantages.

But I would like to reassure those who are still wondering or asking questions once again. These fiscal advantages are all provided for by current legislation and are more limited, for example, than those granted offshore banks. Our Kuwaiti brothers have agreed that it is not desirable to grant this establishment excessive advantages, advantages which are moreover conditional upon the accumulation of reserves within the bank, to consolidate it, only being applicable if the bank invests 50 percent of its profits in its reserves, which reserves must be utilized in Tunisia.

Thus it is in the spirit of sincere fraternity, mutual understanding and reciprocal advantages that this bank has been planned and established, and this has been done within an extremely short time thanks to the understanding and the desire to cooperate we found in our Kuwaiti brothers, to whom I take pleasure in offering, from this high rostrum, our warmest thanks for the determination, efficiency and profound friendship they evidenced in this connection.

We are currently pursuing discussions with our Saudi brothers to execute a similar project in the same spirit, and hope to complete it shortly.

These projects are of a sort to strengthen the bonds of Arab solidarity, to enrich them and to direct them toward the establishment of sincere, fraternal and fruitful cooperation. This concept of Arab brotherhood will lead us to pursue our

cooperation efficiently and fruitfully to help the peoples of the Arab nation to join their efforts together and coordinate them so as to face up to the challenges which confront us and to maintain the invulnerability and the independence of our countries.

On the occasion of the visit paid us by Mr Raymond Barre, prime minister of the French Republic, we agreed with the French government to establish a joint investment bank in which capital investment will be open to non-Tunisian Arab participants. We are currently pursuing these discussions with our French and Arab partners and here too we hope for success in the near future.

Finally, we are currently studying a merger of the COFIT and the SIAT [Arab Investment Company of Tunisia] within the BDET [Bank for the Economic Development of Tunisia], so that it too can become a development bank of comparable dimensions, and so that it can benefit from substantial Arab participation as well.

This is a vast and determined campaign designed to make available, prior to the beginning of the Sixth Plan, the means of operation equal to the major and difficult tasks awaiting us, which require powerful and diversified resources.

These tools and these means will enable us to expand our horizons and plan for industrialization on a higher level, by means of joint projects within the framework of cooperation within the Maghreb and Arab worlds and on the international level.

My recent visits to Algeria and Morocco confirmed my conviction that organized cooperation will be profitable for the three countries and will expand their potential for development and industrialization. Everything must be put to work to make this intention concrete through new major and specific projects. The government will utilize all its resources to this end.

Dedicated to this undertaking, we remain profoundly convinced of the organic interdependence of our destinies, and the bonds which unite us therein can only be strengthened by the challenges with which they are confronted. The historic responsibility we are taking on makes it our duty to rise above our doubts, our uncertainties and our prejudices. To this end we must strengthen our feeling of confidence and our desire to serve our mutual interests so that our efforts will be equal to the aspirations of our peoples and worthy of the sacrifice of our martyrs.

Similarly, a vast movement of inter-Arab cooperation is currently being developed and the next Arab summit meeting, whether it is held on the scheduled date or later, will discuss this matter. It is important for us to include Tunisia in this trend and for us to contribute to the strengthening of this inter-Arab cooperation in all sectors. Here too major new and concrete joint projects can be carried out if we provide ourselves, in particular through these development banks, with the means necessary to participate in the achievement of these projects.

After the seminar on investments, we plan to organize a seminar on manpower, since the employment possibilities for our manpower and our cadres are substantial in

certain Arab countries which have repeatedly expressed to us their desire to welcome and encourage Tunisian workers, who are known for their serious attitude and competence.

The existence of these tools will also enable us to strengthen our cooperation with the friendly countries of Europe and America which are contributing to our development. The tripartite Tunisian-Arab-French bank will certainly need to find common projects which can serve the common interests, contributing to the transfer of technology and the expansion of the markets available to Tunisian industry.

This orientation is entirely consistent with the policy of President Bourguiba and the Tunisian attitude, which has always encouraged international cooperation, to the point of being chosen as the headquarters for the Arab League and being called upon to carry out high-level functions in Arab, African and Islamic organizations.

The state budget thus represents the beginning of a campaign of great scope breaking with the habits of the past and contributing to forcing us to surpass ourselves and to plan programs and activities which really measure up to our ambitions.

Only a campaign of such broad scope, which can only frighten the timid and the fearful, can enable us to overcome the obstacles which stand in our path and to face up to the challenges of the future. On this occasion I would like to mention the most important challenge, which I have deliberately left until the end: that of building a just, democratic and free society.

In fact, the numerous challenges we must face--production, productivity, competition, investments, savings, consumption, employment, and balance of payments--are all subordinate to the solution of this central problem, the building of a just, free and democratic society.

None of these challenges can be met unless the whole of the nation is united and mobilized to achieve its goals. This unity and this mobilization cannot be achieved either by force or by constraint. They can only be based on free support and freely accepted discipline. This support and this discipline cannot be achieved unless there is a general conviction, a general consensus that the society is just, unless one can express himself freely, accepting the rules of free and democratic dialog, unless one has the feeling one is participating in decisions and that one is heard. This is the leading challenge: we must prove equal to it and focus our efforts on uniting our ranks, mobilizing our energies, forgetting our differences, burying our disputes, and working together for a society of progress and freedom.

Since we won independence we have made much progress in the realm of social justice. The efforts carried out in the fields of education, health, housing and other social sectors, such as the creation of jobs, bear witness to this.

Our concept of a model of society and the responsibility which falls to us to ensure the building of it as well as our concern for protecting it against distortion, intrigue and plots make it our duty to establish the foundations of a joint platform of which the spirit, principles and goals are patriotic in essence. These foundations must be based on dialog and joint effort within the framework of mutual confidence and respect for the law.

This campaign should involve all Tunisians in a permanent and dynamic democratic dialog between the PSD on the one hand and all the social partners on the other. This concerted action will have as its goal a study of the national concerns and a search for the solutions to the problems with a view to guaranteeing the invulnerability and the independence of the country, our desire being to serve our country, to guarantee the progress of our people and to satisfy the aspirations of our youth.

Tunisia is in the vanguard of the developing nations where the advancement of man and social justice are concerned: 16 percent of the gross national product (as compared to 10 percent as an accepted international norm) is devoted to social expenditures. Educational expenditures in 1979 accounted for 33 percent of the operational budget, 8 percent of the equipment budget, 22 percent of the total state budget and 8.5 percent of national income.

Poverty is dwindling in the country. Tunisia was one of the first developing countries to establish for itself a minimal income goal per person, beginning in 1961, in its first decade plans--50 dinars at 1961 prices, i.e. 80 dinars at 1975 prices. The 1975 consumer survey indicated that the population still falling below this minimal income level was only 37 percent in 1975 as compared to 42 percent in 1971, 54 percent in 1966 and 73 percent in 1961. Similarly, the first results of the new 1980 consumer survey, the results of which will be made known shortly, indicate that the percentage of most needy persons (average expenditures per person per year below 70 dinars in 1980, or 50 dinars in 1975) dropped from 17 percent to 12.8 percent in 1980.

Just as we can legitimately be proud of the progress made in two decades, which is not a very long time in the life of a nation, we must also be aware that there remains much progress to be achieved in order to establish an equitable distribution of income in the country, without seeking false egalitarianism, and to make Tunisian society more just.

The 1975 consumer survey showed that inequalities among the various categories of individuals and the different regions of the country still exist. The first results of the 1980 consumer survey confirm that these inequalities still persist.

In fact, if in 1975 the richest 20 percent of the population accounted for 50 percent of the total expenditures, while the poorest 20 percent accounted for only 5 percent of those expenditures, we find that in 1980, the wealthier half of the population accounts for 80 percent of the total expenditures, while the poorer half accounts for only the remaining 20 percent.

Similarly, in 1975 average expenditures in the rural sector were only half the figure for the large cities and the level of expenditures for the poorest region (North-West) was only a third that in the richest region (Tunis).

The first reports on the 1980 consumer survey confirm this disparity from one region to another: the North-West and the Center-West remain the poorest, although the difference from the other regions is tending to diminish somewhat.

Thus we must redouble our efforts to reduce these inequalities inherited from the decadent and colonial era as much as possible, although we cannot hope to eliminate them entirely.

The government is determined here as well to undertake vigorous action to achieve greater justice and equity.

It will act in two particularly important sectors, among others: fiscal reform and rural and regional development.

The present tax system penalizes fixed income subject to withholding at the source, and thus mainly affecting wage-earners. Secondly, tax evasion, estimated at 40 percent, has reached an intolerable level. Taxation becomes still more unjust with the existence of this fraud. The government has begun to draft a profound tax reform affecting all aspects of tax collection: the economic aspect, the technical aspect and the social aspect. It will shortly submit to the assembly, either during the budget session or immediately afterward, a tax orientation law setting forth the main principles which will guide its action in this sector, an orientation law which will be followed by regulatory laws and texts governing their application in the course of the year 1981. The main purpose of this law is to modernize our fiscal system from the economic and technical points of view and to lighten the tax burden by organizing a serious and efficient struggle against tax evasion.

Such a reform will doubtless contribute to reducing social inequalities and to making the sense of injustice resulting therefrom less acute.

Every citizen should be willing to assume his fiscal duty to the extent that taxation is just, modern and equitably distributed. The obvious civic sense of the Tunisian citizens will help us in the achievement of this difficult task.

The second sector in which the government plans to act vigorously and with determination to reduce social inequality has to do with rural and regional development.

Our experience in rural development, which began in 1973, has already yielded appreciable results which we will have to review within the framework of drafting the plan.

This experience should be expanded and systematized by means of integrated regional development plans involving, in a first phase, the most neglected regions: the North-West, the Center-West and the South-West, as well as the Tunis green belt.

Major projects pertaining to these regions, one for the North-West with the World Bank involving $100 million, and another pertaining to central Tunisia with the USAID [United States Agency for International Development] are either being implemented or on the point of being undertaken.

We plan to go farther in the work of the Sixth Plan, within the framework of the national development plan, in perfecting veritable regional plans for these three regions, in order to allow them to make up their lag both in terms of infrastructure and in the economic and social aspects. The year 1981 will be devoted to the drafting of these plans. Their perfecting and the supervision of their implementation will be entrusted to a "general commissariat for regional development and

territorial improvement," the organization and operations of which we are currently studying and which will be the specialized tool the government plans to equip with all the resources necessary for its functioning.

It is by means of these two major reforms in the realm of taxation and the regional development sector that the government plans to launch its activities with a view to social justice, activities it plans to develop and expand as it studies this sector more profoundly.

Among the improvements of a social nature we have begun to introduce to encourage horizontal economic development, we should mention the reforms undertaken in the banking sector, in view of the importance of this sector in the study and financing of projects. These reforms are designed first of all to facilitate the work of businessmen in their respective regions.

Within this context, the decisions adopted by the Central Bank have a double aspect. The first has to do with the strengthening of the network of branches affiliated with this institution. The number of its branches will be increased from five to nine in order to guarantee better coverage of the national territory. The second involves allowing the Central Bank to gradually entrust to these branches the undertaking of two particularly important operations, specifically credit control and the organization of exchange operations. This effort will not be limited to the BCT [Central Bank of Tunisia] alone. We plan in fact to encourage commercial banks to follow this guideline, the goal of which is decentralization of banking operations, by assigning new responsibilities to them, in particular those pertaining to medium-term loans for the purchase of farm tools and equipment.

As to the control of public finances, the government has assigned it the necessary importance, giving new impetus to the control bodies, in particular the accounting court. It was decided to reactivate this body and to make its activities speedier and more efficient so that conclusions and observations will be formulated promptly.

This institution has already undertaken a study of the present administration, such that its report on this subject should be submitted to the president of the republic and this honorable assembly during the coming month of September. The same will be the case for the management in the subsequent period.

It was also decided to extend the field of control exercised by the accounting courts through the establishment of the Public Enterprise Chamber, entrusted with the study of the economic and financial management of such enterprises. Thus the control entrusted to the accounting court will cover all of the public sectors.

We are persuaded that the annual report which will be submitted by the accounting courts will provide the National Assembly with all of the information pertaining to the execution of financial operations and will allow it to note the conclusions and proposals resulting therefrom, so as to protect management against abuses and irregularities and improve the functioning of public services.

In the social sector, in accordance with the directives of President Bourguiba, the government has taken a series of steps designed to safeguard the purchasing power of the citizens and, in particular, the economically weaker strata. These measures are also designed to ensure social peace. For example, it was decided to raise the rate of repayment for the cost of ordinary illness, making it two-thirds of the wage instead of half, as it is today. The life insurance system was also established. In addition, the parents of those with social security can benefit from free care, and also the single wage allocation was extended to benefit these same social security clients. All of these steps have made it possible to increase the income of numbers of Tunisian families.

It should be added that they have also been extended to the farm sector, and in this way, it was possible to achieve the dream nurtured by Farhat Hached and the founders of the unionist movement beginning with the dawn of the struggle for national liberation, with an increase of 10 percent in the agricultural guaranteed minimum wage. The benefits of allocations paid on the basis of old age and disability pensions were extended to the farm workers, whose numbers, including regular and seasonal workers, total about 190,000. Thus more than a million citizens are benefiting from the advantages of social security and free care. They are shared by all in the farm sector.

We plan moreover to extend these advantages to small businessmen and craftsmen so that there will not remain a single man in Tunisia with any reason to fear the horrors of sickness or old age for himself or his family.

The achievement of social justice is the basis on which the social cohesion and national unity, which alone will enable us to meet the conditions necessary for the success of our development plans, must rest.

The Second Decade was too much disturbed by social conflicts, and our advances could have been greater if we had been able to avoid this. But it is useless to repine about the past. Let us then turn toward the future, drawing from events the lessons which will enable us to avoid these conflicts.

Mr President, Deputies:

Since it was honored by receiving the confidence of President Bourguiba, this government has undertaken to make every effort to purify the political atmosphere in the country and to establish the conditions favoring the participation of all the active forces--in the broadest sense of the term--in the management of the affairs of the country, as well as the conception of a balanced, authentic, open Tunisian society moving resolutely in the direction of progress.

In following this path and defining our goals and our concepts, we have always drawn from the inexhaustible wellsprings of the Bourguiba doctrine, which since its birth has made of dialog and agreement a method of government and has given back to man his dignity by making him master of his fate.

The Supreme Combatant has always sought to make of the Tunisian citizen an ambitious man, rejecting routine and all backward structures, fighting dismissal fiercely and revealing a spirit of initiative and renewal. This is the goal of our

new opening toward new ideas and guidelines in a fashion consistent with our basic choices, the genius of our people, our Arab-Moslem heritage, and the higher interests of the country.

This Bourguiba approach represents a philosophical and political choice: philosophical because it reflects the human values which regard man as the means and the end of every undertaking. Political as well because it tends to bring together the objective factors allowing man to fulfill his nature.

All of this makes it possible to say that after a quarter of a century of independence, we have succeeded in outlining the profile of the new Tunisian man, with confidence in himself and ready to take his fate in hand.

These gains, in which we take a legitimate pride, for the Supreme Combatant undertook a gamble which he won, despite the doubts of the onlookers and the withdrawal of suffering souls, impose substantial duties upon us today. It is important to safeguard these gains by revealing the capacity to adapt to all that is new and to establish a political atmosphere and an intellectual environment in perfect harmony with the aspirations of young people and the goals of progress and upsurge which we have set for our country.

Within this framework, the decisions adopted by President Bourguiba, who granted his pardon to the political prisoners and revoked the effects of the judgments rendered against those convicted in the cases related to the events of 26 January 1978, giving instructions that all of the students sentenced in political matters should benefit from the rights to study, to receive scholarships and lodging, were warmly received by the citizens and put an end to the situation which was characterized by hesitation, suspicion, indeed despair. Thus Tunisia has become one of the few countries in the Third World to have no political prisoners.

All of these measures are of the sort which strengthen the cohesion of the citizens, confirm the feeling of pride of belonging to Tunisia, and persuade the people of the efficiency of free and honest dialog on the basis of a consensus which all the parties undertake to respect.

This is our concept of power and authority. For us, the regime is a tool making it possible to achieve goals defined by the majority of the people unaffected by doctrinal conflicts, class domination, or a monopoly on the power of decision.

These are the main lines of the reforms we plan to introduce within the framework of our future development strategy beginning with the 1981 budget which I have the honor of submitting to you, hoping that you will devote to it, as is your custom, the interest it merits. I hope it will be the subject of free and responsible discussion capable of lighting the path for us and guiding our steps in the task we are undertaking, consistent with the directives of the Supreme Combatant, President Bourguiba, for the good of our people, who are a people full of ambition and resolutely looking toward the future.

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PROJECTED ENERGY NEEDS, DEVELOPMENT IN TUNISIA

Tunis LA PRESSE DE TUNISIE in French 21 Nov 80 p 2

[Article by Nadia Hanachi: "Energy: Time for Economizing"]

[Text] Today it is an established fact that if Tunisian energy resources--mainly oil--remain what they are, and the exploration underway and yet to come does not reveal significant deposits, Tunisia runs the risk of becoming in the more or less near-term future an importer. While current national oil production (5.5 million bbls a year) is by a few years from now bound to undergo a gradual decline, needs on the other hand will not stop increasing, having reached during the last decade an average growth rate of 11 percent. In 1980 consumption rose to 2.4 million bbls. According to projections, in 1981 it will be on the order of 2.5 to 2.7 million bbls, reaching nearly 10 million bbls in the year 2000. Thus, assuming that petroleum resources remain at the same level and that consumption keeps this growing momentum it now has, national production might well satisfy only 10-15 percent of the country's needs as we approach the year 2000. This phenomenon is not confined to Tunisia. According to global projections (see CONJONCTURE number 50, October 1980), world oil production will reach its maximum level in about 1990 before falling then from providing 40 percent to providing around 10 percent of total primary energy production.

At the present time, Tunisia's overall recoverable reserves add up to around 53.5 million bbls, 30 million for Al Borma (nearly 60 percent) and 22 million for Ashtart.

During the 6th plan a gradual change in Al Borma's annual production is projected on a downward sliding scale as per the following diagram:

Year	1980	1981	1982	1983	1984	1985	1986
Production (in millions of bbls)	3.130	3.000	2.920	2.610	2.490	2.700	2.310

In the least optimistic projection, in which new and substantial layers are not discovered, Tunisia could already start importing oil at about the end of the 1980's, demand then becoming equal to supply, which would not be without serious consequences for our economy as much on the level of government budget receipts as on the balance of payments.

To ward off such an eventuality government action will be brought to bear on two fronts: on the one hand accelerating oil exploration and considering on a practical level searching for and utilizing substitute forms of energy, and on the other hand monitoring, and indeed limiting, consumption.

Concerning oil exploration, investments have gone from 8 million dinars in 1969 to 71 million dinars in 1980. There are currently 30 drillholes as against 4 or 5 at the start of the decade. The number of search permits given adds up to 27, 11 "on-shore," 12 "off-shore," and 4 on land jutting out into the sea. Search efforts cover an area of 164,000 square kilometers, that is to say 75 percent of Tunisian territory including territorial seas.

Recently the discovery of a certain number of average size deposits will make for partial compensation for the drop in earnings and to a certain extent for the depletion of deposits currently being exploited.

An important step has been undertaken as well with a view to increasing natural gas production which at the present time represents a little more than 10 percent of the country's total energy production. The most important natural gas reserves, the ones at Miskar, are assessed at more than 30 billion cubic meters.

The recovery of natural gas connected with Al Borma (which was burned off up to now) and fees in kind that Tunisia will collect on the Italo-Algerian gas pipeline which will cross our country will also make up more than a negligible share of energy. The quantities of natural gas which will be drawn out while passing through the Italo-Algerian pipeline will vary in graduated fashion and according to output flow (based on estimates from 200 million cubic meters to 800-900 million cubic meters per year).

Among sources of energy or substitute materials lignite (a kind of coal) comes high on the list. Research is under way to evaluate potential reserves of this mineral which could be used in power plants.

Solar energy is also being taken into consideration. However it is felt that it could not answer more than 5 percent of energy needs.

But it is by limiting consumption as a parallel move where the government anticipates facing up to the energy problem. The fact is that energy demand is doubling (all energy sources combined) around every 5 years. That being the case, a policy of austerity and economizing turns out to be indispensable. It is a matter of putting a brake on consumption or, more precisely, limiting its excesses, particularly by the expedient of action to make people sensitive about wastage and the harmful economic consequences it can cause. But it is also by means of persuasive price policy (by putting into practice realistic pricing) that reduction in consumption is envisaged. Putting up prices will of course be done in stages, in

order to avoid traumatic consequences for our economy or sudden difficulties for citizens. But it is time to understand that that is necessary and that Tunisia, like all countries in the world, is entering a period in which energy, without which it can barely have any development, can no longer be regarded as an inexhaustible product.

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SUBWAY TO BE BUILT IN TUNIS

Tunis LA PRESSE DE TUNISIE in French 23 Nov 80 p 1

[Article: "Light-version Subway: Work Starting, Today--Mohamed Mzali Is Kicking It Off at the Place Barcelone"]

[Text] Tunis will have its subway in 1984. By that time the network's first section will be built and will run leaving from the city center of the capital via four main lines towards the outskirts.

Work will begin very shortly. Today at 1030 in the Place Barcelone Mohamed Mzali, the prime minister, will preside over the ceremony for laying down the first stone under the patronage of President Bourguiba. The first construction phase which will be completed in 1984 will give birth to a subway being christened "light" which will in fact be a tramway within the city, the difference being that it will have its own track emplacement over the whole length of its route.

Only during a second construction phase, which work is not due to be completed before the year 2000, is the installation of an underground network anticipated, which is meant to provide service on 80 kilometers of lines.

The light-version subway trains, made up of three articulated cars, will have a carrying capacity of 300 passengers (50 of them seated) and a frequency of 60 trains per hour at peak periods.

The construction cost of this light-version subway, to be carried out by Siemens, will be 70,000,000 dinars. Its financing is in large part guaranteed by the FRG and in part by Austria France will participate in the construction project only in connection with the physical structure and tracklaying.

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POLISARIO FRONT REPRESENTATIVE DISCUSSES CONTINUING STRUGGLE

Maputo NOTICIAS in Portuguese 14 Nov 80 p 4

[Interview with Aziz Obeid Luchaa, representative of the POLISARIO Front for southern Africa, by Augusto Casimiro, on 14 Nov 80 place not given]

[Excerpt] "I believe that the end of the war in the Sahara is already over. However, one must speak of the war on Moroccan territory. The Saharan revolution is being consolidated and has transferred the battlefield to the enemy's own territory," said the representative of the Polisario Front for southern Africa, Aziz Obeid Luchaa, during an interview he granted to the newspaper NOTICIAS. This interview marks the date celebrated today, that of the signing of the Madrid Agreement of 14 November 1975, signed by Spain (the colonial power of Western Sahara), Morocco and Mauritania.

After 5 years, and recalling that the agreement established the partition of the Saharan Democratic Arab Republic [SDAR] (27 February 1976) in two parts--one, the northern part going to Morocco and the other, the southern part, to Mauritania--the fact that at the present time the Saharan People's Liberation Army is about to intensify actions in the interior of Morrocan territory, is especially important.

The broad diplomatic front, result of the victories achieved in the people's liberation war against the new African colonizer, as well as the military support that South Africa and Israel give to King Hassan II, are mentioned in the interview that we are publishing below in its entirety.

Question: The Saharan Democratic Arab Republic has established diplomatic relations at the embassy level with many countries. This fact is directly connected with the successes on the battlefield. What was the nature of the military and diplomatic actions recently, and how important are they?

Answer: Every day our military and diplomatic successes are greater. We believe in the theory: "external successes are a reflection of the internal ones."

As a matter of fact, we have signed a series of agreements establishing diplomatic relations with such countries as Mozambique, Zambia, Angola, Sao Tome and Principe, the Congo, Togo, Guinea-Bissau and Cape Verde. In Latin America we already have embassies in Cuba, Nicaragua, Mexico and Panama. All this diplomatic activity is aimed at strengthening the ties of friendship among our peoples against the common enemy--imperialism and the obscurantist forces representing exploitation of man by man--and joinging our efforts in building a tomorrow in which social justice among people will reign and hunger will be banished forever.

Question: Recently there have been reports of liberation of areas in southern Morocco. In what context is this action to be placed, and what is its importance in connection with the internal situation of the present colonizing power, the Kingdom of Morocco?

Answer: I believe that the war in the Sahara is already over. One must, however, speak of the war on Moroccan territory. The revolution is being consolidated and has transferred the battlefield to the enemy's territory. In this context, in the past 2 months (without forgetting the historic battle of Oarkziz in southern Morocco) our fighters confronted the entire monarchist army in Ras el Khanfra. These battles took place in the Ras el Khanfra (17 km from Abatteh), El Bouba en Jreibichat (100 km from Tan-Tan) and Tarfaya triangle. The Moroccan strategy is to place a defensive belt over 45 km wide, having reinforced defense points in El Bouba (a border point between Morocco and SDAR) and Jreibichat (an advanced point in the Sahara where at the beginning of September there were 6,000 Moroccan soldiers).

This strategy forced the Moroccan general staff to mobilize about 20,000 men belonging to the 6th regiment (an elite unit), 8th, 10th and 11th RIM's (Motorized Infantry Regiments), the battalions of the Larak and Zelagha columns, and an armored battalion with over 50 units, among them the SK 105 of French-Austrian manufacture called "tank hunters." There were also commandos called "Green March" and squadrons of armored cars AMX-10, VAB and RATEL, made in South Africa. This army has available a modern and sophisticated arsenal: 155 mm batteries, various types of modern armored vehicles, Estaline equipment (certainly furnished by Egypt) and 105 mm cannons.

However, this strategy failed. To prove this, international media correspondents visited the region and saw the Moroccan defeat with their own eyes. They saw the remains of a Mirage FT plane, destroyed tanks and armored vehicles of all types, and bodies of Moroccan soldiers abandoned on the battlefield, in addition to the captured materiel and prisoners. So, we are always to go farther north. We cannot speak only of the war in the Western Sahara but of a war in southern Morocco. It is a total war against the aggressor. Moroccans themselves must experience this war. If today we are already in Morocco, this simply means that the army of King Hassan II has been defeated as the army of his former ally, Ould Dadah, was defeated in Mauritania 2 years ago.

Question: The military support of the apartheid regime to the monarchy of King Hassan II has been noted. What can you say about this, and also about the action of the Zionist regime of Israel at the side of the Rabat government?

Answer: During the El Quarkziz operations in southern Morocco, from 1 to 11 March 1980, our Saharan People's Liberation Army captured South African war materiel from the invading Moroccan forces. It consisted of a large quantity of light weapons and AML90-MK6 armored cars made in South Africa under a French license.

According to captured Moroccan officers and the drivers of these armored vehicles, the weapons were unloaded in Casablanca where the 2d Bureau (military security) took care to obliterate all the markings indicating their origin. They did leave some markings, believing that the origin of the weapons could not be revealed by them. The pilots admitted that they were trained in Juribga (a Moroccan city) by South African officers. Among them were a major, a captain, and two sublieutenants disguised as Americans.

The cooperation between the Moroccans and the racists does not surprise us because as early as 1977 the POLISARIO Front revealed the numbers and dates of arrival and departure of the ships carrying weapons to South Africa via Casablanca. Africa will know how to interpret this cooperation at the proper place, and will respond to its enemies without hesitation. This cooperation between Hassan II and South Africa provokes indignation and condemnation of all the countries of Africa and peace and justice loving forces.

Today we understand the reasons that led the king to declare that he is willing to abandon the OAU to place himself, naturally, at the side of those who help him, including in military matters, that is, the South African racists.

The relations of Hassan II with Israel are better known. The king was a help in the Camp David agreement. He himself was the one who served as the mediator for the trip of Anwar Sadat to Jerusalem. In addition, the Zionist community in Morocco has incredible strength. A large part of the ruling class making up the monarchy in Morocco are Zionists.

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